

Introduced by Senator Lockyer

December 2, 1996

An act to add Sections 19815.5, 19815.8, and 19824, to, to repeal Sections 19445, 19809, 19816, 19822.1, 19823.1, 19941, and 19950.2 of, to repeal and add Sections 19810, 19811, 19812, 19813, 19814, 19817, 19820, 19821, 19822, 19823, 19841, 19842, 19846, 19847, 19848, 19850, 19851, 19852, 19853, 19854, 19856, 19857, 19858, 19858.7, 19860, 19862, 19863, 19864, 19871, 19872, 19882, 19883, 19910.5, 19911, 19912, 19913, 19915, 19918, 19920, 19921, 19933.5, 19942, 19959.5, and 19960.2 to, to repeal and add Article 3 (commencing with Section 19830) and Article 8 (commencing with Section 19900) of Chapter 5 of, and to repeal and add Chapter 5 (commencing with Section 19800) of, Division 8 of, the Business and Professions Code, to add Section 1822.60 to the Code of Civil Procedure, to amend Sections 12012 and 15001 of, and to add Sections 15001.1 and 15001.2 to, the Government Code, and to amend Sections 186.9 and 14161 of, ~~and~~ to add, repeal, and add Section 337j of, the Penal Code, *and to add Chapter 8 (commencing with Section 4369) to Part 3 of Division 4 of the Welfare and Institutions Code*, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 8, as amended, Lockyer. Gambling.

(1) Existing law, the Gaming Registration Act, among other things, prohibits the ownership or operation of a gaming club, as defined, without first obtaining a valid registration

from the Attorney General. Existing law subjects any person operating a gaming club without a license to punishment in the state prison or in a county jail for not more than one year.

This bill would repeal the Gaming Registration Act. The bill would recast these provisions, as specified, and would enact the Gambling Control Act.

(2) Existing law provides that the Department of Justice, under the direction and control of the Attorney General, is composed of the office of the Attorney General and the Division of Law Enforcement.

This bill would create the Division of Gambling Control within the Department of Justice. The bill would authorize the division to regulate legal gambling in this state, as specified. This bill would also create the California Gambling Control Board and delegate specified duties to the board. Upon the occurrence of certain events, the California Gambling Control Commission, which this bill would also create, would succeed to all of the powers of the California Gambling Control Board, which would be abolished.

(3) Under existing law, the California Horse Racing Board is the state entity responsible for negotiating with the Indian tribes for the purpose of entering into a tribal-state compact governing the conduct of horseracing activities on Indian lands of the tribe.

This bill would repeal that provision.

The bill, in addition, would designate the Governor as the state officer responsible for negotiating and executing, on behalf of the state, as specified, compacts with federally recognized Indian tribes in the State of California pursuant to the federal Indian Gaming Regulatory Act, for conducting class III gaming on Indian lands.

(4) Existing law prohibits certain conduct with regard to gambling, as specified.

This bill, among other things, would provide that a violation of the Gambling Control Act, unless otherwise indicated in the act, is a misdemeanor, thereby imposing a state-mandated local program by creating a new crime. The bill would also prohibit specified persons from engaging in certain activities related to any controlled game, as defined, without having first procured a state license. A violation of this provision



would be a misdemeanor, thereby imposing a state-mandated local program by creating a new crime.

(5) This bill would create within the State Treasury the Gambling Control Fund, and would provide that, upon appropriation by the Legislature, \$5,400,000 of that fund each fiscal year shall be available to the Department of Justice exclusively for the support of the Division of Gambling Control and the California Gambling Control Board.

(6) The Milton Marks Postgovernment Employment Restrictions Act of 1990, a part of the Political Reform Act of 1974, generally prohibits officers and employees of a state administrative agency, as defined, from making an appearance or communication for a period of 12 months after he or she leaves office before or to that agency for the purpose of influencing administrative action or other proceeding of the agency.

This bill would prohibit certain officials and employees of the division and the board from making an appearance or communication for a period of 3 years from termination of employment or leaving of the office before or to the division or the board for the purpose of influencing the division or the board.

(7) Existing law provides that any person who conducts or attempts to conduct a money laundering transaction, as described, shall be punished by imprisonment in a county jail for not more than one year or in the state prison, by a specified fine, or both.

This bill would include any person or business engaged in controlled gambling, as specified, within the definition of “financial institution” for purposes of those money laundering provisions. Thus, by expanding the scope of an existing crime, the bill impose a state-mandated local program.

(8) This bill would also impose a state-mandated local program by increasing the reporting and specified administrative duties of local law enforcement and licensing entities.

(9) The bill would also create an Office of Compulsive Gambling in the State Department of Mental Health for the purpose of developing a program for problem and pathological gamblers.

(9)

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that for certain costs no reimbursement is required by this act for a specified reason.

However, the bill would provide that, if the Commission on State Mandates determines that this bill contains other costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19445 of the Business and
2 Professions Code is repealed.

3 SEC. 2. Chapter 5 (commencing with Section 19800)
4 of Division 8 of the Business and Professions Code is
5 repealed.

6 SEC. 3. Chapter 5 (commencing with Section 19800)
7 is added to Division 8 of the Business and Professions
8 Code, to read:

9

10 CHAPTER 5. THE GAMBLING CONTROL ACT

11

12 Article 1. General Provisions

13

14 19800. This chapter shall be known, and may be cited,
15 as the "Gambling Control Act."

16 19801. The Legislature hereby finds and declares all
17 of the following:

18 (a) The longstanding public policy of this state
19 disfavors the business of gambling. State law prohibits
20 commercially operated lotteries, banked or percentage
21 games, and gambling machines, and strictly regulates
22 parimutuel wagering on horseracing. To the extent that



1 state law categorically prohibits certain forms of
2 gambling and prohibits gambling devices, nothing herein
3 shall be construed, in any manner, to reflect a legislative
4 intent to relax those prohibitions.

5 (b) Gambling can become addictive and is not an
6 activity to be promoted or legitimized as entertainment
7 for children and families.

8 (c) Unregulated gambling enterprises are inimical to
9 the public health, safety, welfare, and good order.
10 Accordingly, no person in this state has a right to operate
11 a gambling enterprise except as may be expressly
12 permitted by the laws of this state and by the ordinances
13 of local governmental bodies.

14 (d) It is the policy of this state that gambling activities
15 that are not expressly prohibited or regulated by state law
16 may be prohibited or regulated by local government.
17 Moreover, it is the policy of this state that no new
18 cardroom may be opened in a city, county, or city and
19 county in which a cardroom was not operating on and
20 before January 1, 1984, except upon the affirmative vote
21 of the electors of that city, county, or city and county.

22 (e) It is not the purpose of this chapter to expand
23 opportunities for gambling, or to create any right to
24 operate a gambling enterprise in this state or to have a
25 financial interest in any gambling enterprise. Rather, it is
26 the purpose of this chapter to regulate businesses that
27 offer otherwise lawful forms of gambling games.

28 (f) Public trust that permissible gambling will not
29 endanger public health, safety, or welfare requires that
30 comprehensive measures be enacted to ensure that such
31 gambling is free from criminal and corruptive elements,
32 that it is conducted honestly and competitively, and that
33 it is conducted in suitable locations.

34 (g) Public trust and confidence can only be
35 maintained by strict and comprehensive regulation of all
36 persons, locations, practices, associations, and activities
37 related to the operation of lawful gambling
38 establishments and the manufacture or distribution of
39 permissible gambling equipment.

1 (h) All gambling operations, all persons having a
2 significant involvement in gambling operations, all
3 establishments where gambling is conducted, and all
4 manufacturers, sellers, and distributors of gambling
5 equipment must be licensed and regulated to protect the
6 public health, safety, and general welfare of the residents
7 of this state as an exercise of the police powers of the state.

8 (i) To ensure that gambling is conducted honestly,
9 competitively, and free of criminal and corruptive
10 elements, all licensed gambling establishments in this
11 state must remain open to the general public and the
12 access of the general public to licensed gambling
13 activities must not be restricted in any manner, except as
14 provided by the Legislature. However, subject to state
15 and federal prohibitions against discrimination, nothing
16 herein shall be construed to preclude exclusion of
17 unsuitable persons from licensed gambling
18 establishments in the exercise of reasonable business
19 judgment.

20 (j) In order to effectuate state policy as declared
21 herein, it is necessary that gambling establishments,
22 activities, and equipment be licensed, that persons
23 participating in those activities be licensed or registered,
24 that certain transactions, events, and processes involving
25 gambling establishments and owners of gambling
26 establishments be subject to prior approval or permission,
27 that unsuitable persons not be permitted to associate with
28 gambling activities or gambling establishments, and that
29 gambling activities take place only in suitable locations.
30 Any license or permit issued, or other approval granted
31 pursuant to this chapter, is declared to be a revocable
32 privilege, and no holder acquires any vested right therein
33 or thereunder.

34 (k) The location of lawful gambling premises, the
35 hours of operation of those premises, the number of tables
36 permitted in those premises, and wagering limits in
37 permissible games conducted in those premises are
38 proper subjects for regulation by local governmental
39 bodies. However, consideration of those same subjects by
40 a state regulatory agency, as specified in this chapter, is

1 warranted when local governmental regulation
2 respecting those subjects is inadequate or the regulation
3 fails to safeguard the legitimate interests of residents in
4 other governmental jurisdictions.

5 (l) The exclusion or ejection of certain persons from
6 gambling establishments is necessary to effectuate the
7 policies of this chapter and to maintain effectively the
8 strict regulation of licensed gambling.

9 (m) Records and reports of cash and credit
10 transactions involving gambling establishments may
11 have a high degree of usefulness in criminal and
12 regulatory investigations and, therefore, licensed
13 gambling operators may be required to keep records and
14 make reports concerning significant cash and credit
15 transactions.

16 (n) It is the intent of the Legislature that this chapter
17 apply to class III gaming operations conducted on Indian
18 lands located in this state only through the tribal-state
19 compacting process as provided by the federal Indian
20 Gaming Regulatory Act (25 U.S.C. Sec. 2701 et seq.).
21 Nothing herein precludes the negotiation of terms and
22 conditions in a tribal-state compact that differ from the
23 provisions of this chapter.

24 19801.2. The Legislature further finds and declares as
25 follows:

26 (a) Appropriate regulation of banking and percentage
27 games or of gambling devices consistent with public
28 safety and welfare would require, at a minimum, all of the
29 following safeguards:

30 (1) The creation of an adequately funded gambling
31 control commission with comprehensive powers to
32 establish minimum standards and technical specifications
33 for gambling equipment and devices.

34 (2) The creation of an adequately funded law
35 enforcement capability within state government to
36 inspect, test, and evaluate gambling equipment and
37 devices and modifications thereto.

38 (3) An appropriation by the Legislature to sufficiently
39 fund a full-time commission and law enforcement

1 capability with responsibilities commensurate with the
2 expanded scope of gambling.

3 (4) The enactment of necessary regulations setting
4 forth standards and procedures for the licensing of
5 persons connected with the manufacture, sale, and
6 distribution of equipment and devices in this state.

7 (5) The enactment of standards related to the
8 trustworthiness and fairness of equipment and devices,
9 upon the commission's recommendation to the
10 Legislature.

11 (6) The enactment of statutory provisions governing
12 the importation, transportation, sale, and disposal of
13 equipment and devices, upon the commission's
14 recommendation to the Legislature.

15 (7) The enactment of statutes providing for
16 appropriate inspection and testing of equipment and
17 devices, upon the commission's recommendation to the
18 Legislature.

19 19802. (a) It is the intent of the Legislature, in
20 enacting this chapter, to provide uniform, minimum
21 standards of regulation of permissible gambling activities
22 and the operation of lawful gambling establishments.

23 (b) Nothing in this chapter shall be construed to
24 preclude any city, county, or city and county from
25 prohibiting any gambling activity, from imposing more
26 stringent local controls or conditions upon gambling than
27 are imposed by this chapter or by the board, from
28 inspecting gambling premises to enforce applicable state
29 and local laws, or from imposing any local tax or license
30 fee, if the prohibition, control, condition, inspection, tax,
31 or fee is not inconsistent with this chapter. Nothing in this
32 chapter shall be construed to affect the responsibility of
33 local law enforcement agencies to enforce the laws of this
34 state, including this chapter.

35 19804. (a) In any action for declaratory or injunctive
36 relief, or for relief by way of any extraordinary writ, other
37 than an action initiated pursuant to Section 19922,
38 wherein the construction, application, or enforcement of
39 this chapter, or any regulation adopted pursuant thereto,
40 or any order of the division or the board issued pursuant

1 thereto, is called into question, a court shall not grant any
2 preliminary or permanent injunction, or any peremptory
3 writ of mandate, certiorari, or prohibition, in connection
4 therewith, except as follows:

5 (1) Upon proof by clear and convincing evidence that
6 the division or the board is abusing or threatens to abuse
7 its discretion.

8 (2) Upon proof by clear and convincing evidence that
9 the division or the board is exceeding or threatens to
10 exceed its jurisdiction.

11 (b) No temporary injunction or other provisional
12 order shall issue to restrain, stay, or otherwise interfere
13 with any action by the division or the board except upon
14 a finding by the court, based on clear and convincing
15 evidence, that the public interest will not be prejudiced
16 thereby, and no such order shall be effective for more
17 than 15 calendar days.

18 (c) Nothing herein shall be construed to relieve a
19 petitioner's obligation to exhaust administrative
20 remedies.

21 (d) In an action for relief of any nature wherein the
22 construction, application, or enforcement of this chapter,
23 or any regulation adopted pursuant thereto, or any order
24 of the division or board issued pursuant thereto, is called
25 into question, the party filing the pleading shall furnish a
26 copy thereof to the division. The copy shall be furnished
27 by the party filing the pleading within 10 business days
28 after filing.

29 19805. As used in this chapter, the following
30 definitions shall apply:

31 (a) "Affiliate" means a person who, directly or
32 indirectly through one or more intermediaries, controls,
33 is controlled by, or is under common control with, a
34 specified person.

35 (b) "Applicant" means any person who has applied
36 for, or is about to apply for, a state gambling license,
37 manufacturer's or distributor's license, or approval of any
38 act or transaction for which division approval is required
39 or permitted under this chapter.

1 (c) “Board” means the California Gambling Control
2 Board.

3 (d) “Controlled gambling” means to deal, operate,
4 carry on, conduct, maintain, or expose for play any
5 controlled game.

6 (e) “Controlled game” means any controlled game, as
7 defined by subdivision (d) of Section 337j of the Penal
8 Code.

9 (f) “Director,” when used in connection with a
10 corporation, means any director of a corporation or any
11 person performing similar functions with respect to any
12 organization. In any other case, “director” means the
13 Director of the Division of Gambling Control.

14 (g) “Division” means the Division of Gambling
15 Control in the Department of Justice.

16 (h) “Finding of suitability” means a finding that a
17 person meets the qualification criteria described in
18 subdivisions (a) and (b) of Section 19848, and that the
19 person would not be disqualified from holding a state
20 gambling license on any of the grounds specified in
21 subdivision (a) of Section 19850.

22 (i) “Game” and “gambling game” means any
23 controlled game.

24 (j) “Gambling” means to deal, operate, carry on,
25 conduct, maintain, or expose for play any controlled
26 game.

27 (k) “Gambling enterprise employee” means any
28 natural person employed in the operation of a gambling
29 enterprise, including, without limitation, dealers,
30 floormen, security employees, countroom personnel,
31 cage personnel, collection personnel, surveillance
32 personnel, data processing personnel, appropriate
33 maintenance personnel, waiters and waitresses, and
34 secretaries, or any other natural person whose
35 employment duties require or authorize access to
36 restricted gambling establishment areas.

37 (l) “Gambling establishment” or “establishment”
38 means one or more rooms where any controlled gambling
39 occurs.



(m) “Gambling license” means any license issued by the state that authorizes the person named therein to conduct a gambling operation.

(n) “Gambling operation” means one or more controlled games that are dealt, operated, carried on, conducted, maintained, or exposed for play for commercial gain.

(o) Except as provided by regulation, “gross revenue” means the total of all compensation received for conducting any controlled game, and includes interest received in payment for credit extended by an owner licensee to a patron for purposes of gambling.

(p) Except as determined by regulation, “independent agent” means any person who does either of the following:

(1) Approves or grants the extension of gambling credit on behalf of a gambling licensee or collects debt evidenced by a credit instrument.

(2) Contracts with an owner licensee, or an affiliate thereof, to provide services consisting of arranging transportation or lodging for guests at a gambling establishment.

(q) “Institutional investor” means any retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, any investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, any closed-end investment trust, any chartered or licensed life insurance company or property and casualty insurance company, any banking and other chartered or licensed lending institution, any investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity, and such other persons as the board may determine for reasons consistent with the policies of this chapter.

(r) “Key employee” means any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make

1 discretionary decisions that regulate gambling
2 operations, including, without limitation, pit bosses, shift
3 bosses, credit executives, cashier operations supervisors,
4 gambling operation managers and assistant managers,
5 managers or supervisors of security employees, or any
6 other natural person designated as a key employee by the
7 division for reasons consistent with the policies of this
8 chapter.

9 (s) “Key employee license” means a state license
10 authorizing the holder to be associated with a gambling
11 enterprise as a key employee.

12 (t) “Licensed gambling establishment” means the
13 gambling premises encompassed by a state gambling
14 license.

15 (u) “Limited partnership” means a partnership
16 formed by two or more persons having as members one
17 or more general partners and one or more limited
18 partners.

19 (v) “Limited partnership interest” means the right of
20 a general or limited partner to any of the following:

21 (1) To receive from a limited partnership any of the
22 following:

23 (A) A share of the revenue.

24 (B) Any other compensation by way of income.

25 (C) A return of any or all of his or her contribution to
26 capital of the limited partnership.

27 (2) To exercise any of the rights provided under state
28 law.

29 (w) “Owner licensee” means an owner of a gambling
30 enterprise who holds a state gambling license.

31 (x) Unless otherwise indicated, “person” includes a
32 natural person, corporation, partnership, limited
33 partnership, trust, joint venture, association, or any other
34 business organization.

35 (y) “Publicly traded racing association” means a
36 corporation licensed to conduct horseracing and
37 simulcast wagering pursuant to Chapter 4 (commencing
38 with Section 19400) whose stock is publicly traded.

39 (z) “Qualified racing association” means a corporation
40 licensed to conduct horseracing and simulcast wagering

1 pursuant to Chapter 4 (commencing with Section 19400)
2 that is a wholly owned subsidiary of a corporation whose
3 stock is publicly traded.

4 (aa) “Work permit” means any card, certificate, or
5 permit issued by the division or by a county, city, or city
6 and county, whether denominated as a work permit,
7 registration card, or otherwise, authorizing the holder to
8 be employed as a gambling enterprise employee or to
9 serve as an independent agent. A document issued by any
10 governmental authority for any employment other than
11 gambling is not a valid work permit for the purposes of
12 this chapter.

13 19806. Nothing in this chapter shall be construed in
14 any way to permit or authorize any conduct made
15 unlawful by Chapter 9 (commencing with Section 319)
16 of, or Chapter 10 (commencing with Section 330) of, Title
17 9 of Part 1 of the Penal Code, or any local ordinance.

18 19807. Except as otherwise provided in this chapter,
19 whenever the division or board is a defendant or
20 respondent in any proceeding, venue for the proceeding
21 shall be in the County of Sacramento, the City and
22 County of San Francisco, the County of Los Angeles, or
23 the County of San Diego.

24 Article 2. Administration

25
26
27 19809. (a) There is within the Department of Justice
28 the Division of Gambling Control as provided in Section
29 15001 of the Government Code. Except as otherwise
30 provided in this chapter, any power or authority of the
31 division described in this chapter may be exercised by the
32 Attorney General or such other person as the Attorney
33 General may delegate.

34 (b) This section shall remain in effect only until the
35 occurrence of the events specified in subdivisions (a) and
36 (b) of Section 66 of the act that added this chapter, and
37 as of that date is repealed, unless a later enacted statute,
38 which is enacted before the occurrence of the events
39 specified in subdivisions (a) and (b) of Section 66 of the
40 act that added this chapter, deletes or extends that date.

1 19810. (a) There is in state government the
2 California Gambling Control Board, consisting of three
3 members.

4 (b) This section shall remain in effect only until the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this chapter, and
7 as of that date is repealed, unless a later enacted statute,
8 which is enacted before the occurrence of the events
9 specified in subdivisions (a) and (b) of Section 66 of the
10 act that added this chapter, deletes or extends that date.

11 19811. (a) Each member of the board shall be a
12 citizen of the United States and a resident of this state.

13 (b) No Member of the Legislature, no person holding
14 any elective office in state, county, or local government,
15 and no officer or official of any political party is eligible
16 for appointment to the board.

17 (c) No more than two of the three members of the
18 board shall be members of the same political party.

19 (d) A person is ineligible for appointment to the board
20 if, within two years prior to appointment, the person, or
21 any partnership or corporation in which the person is a
22 principal, was employed by, retained by, or derived
23 substantial income from, any gambling establishment.

24 For purposes of this subdivision, “gambling
25 establishment” means one or more rooms wherein any
26 gaming within the meaning of Chapter 10 (commencing
27 with Section 330) of Title 9 of Part 1 of the Penal Code,
28 or any controlled game within the meaning of Section
29 337j of the Penal Code, is conducted, whether or not the
30 activity occurred in California.

31 (e) One member of the board shall be a certified
32 public accountant with auditing experience, one member
33 shall be an attorney and a member of the State Bar of
34 California with regulatory law experience, and one
35 member shall be from the public at large.

36 (f) This section shall remain in effect only until the
37 occurrence of the events specified in subdivisions (a) and
38 (b) of Section 66 of the act that added this chapter, and
39 as of that date is repealed, unless a later enacted statute,
40 which is enacted before the occurrence of the events

1 specified in subdivisions (a) and (b) of Section 66 of the
2 act that added this chapter, deletes or extends that date.

3 19812. (a) Of the members initially appointed, one
4 shall be appointed for a term of two years, one shall be
5 appointed for a term of three years, and one shall be
6 appointed for a term of five years. After the initial terms,
7 the term of office of each member of the board is five
8 years.

9 (b) The Governor shall appoint the members of the
10 board, subject to confirmation by the Senate, and shall
11 designate one member to serve as chairperson. The initial
12 appointments shall be made on or before March 1, 1998.
13 Thereafter, vacancies shall be filled within 60 days of the
14 date of the vacancy by the Governor, subject to
15 confirmation by the Senate.

16 (c) The Governor may remove any board member for
17 incompetence, neglect of duty, or corruption upon first
18 giving him or her a copy of the charges and an
19 opportunity to be heard.

20 (d) This section shall remain in effect only until the
21 occurrence of the events specified in subdivisions (a) and
22 (b) of Section 66 of the act that added this chapter, and
23 as of that date is repealed, unless a later enacted statute,
24 which is enacted before the occurrence of the events
25 specified in subdivisions (a) and (b) of Section 66 of the
26 act that added this chapter, deletes or extends that date.

27 19813. (a) Before entering upon the duties of his or
28 her office, each member shall subscribe to the
29 constitutional oath of office and, in addition, swear that he
30 or she is not, and during his or her term of office shall not
31 be, pecuniarily interested in, or doing business with, any
32 person, business, or organization holding a gambling
33 license.

34 (b) This section shall remain in effect only until the
35 occurrence of the events specified in subdivisions (a) and
36 (b) of Section 66 of the act that added this chapter, and
37 as of that date is repealed, unless a later enacted statute,
38 which is enacted before the occurrence of the events
39 specified in subdivisions (a) and (b) of Section 66 of the
40 act that added this chapter, deletes or extends that date.

1 19814. (a) Each board member shall receive a per
2 diem of one hundred dollars (\$100) for each day spent in
3 attendance at meetings scheduled by the chairperson of
4 the board for the purpose of fulfilling the duties of the
5 board pursuant to this chapter, and shall be reimbursed
6 for traveling and other expenses necessarily incurred in
7 the performance of official duties.

8 (b) This section shall remain in effect only until the
9 occurrence of the events specified in subdivisions (a) and
10 (b) of Section 66 of the act that added this chapter, and
11 as of that date is repealed, unless a later enacted statute,
12 which is enacted before the occurrence of the events
13 specified in subdivisions (a) and (b) of Section 66 of the
14 act that added this chapter, deletes or extends that date.

15 19815. (a) The board shall have an executive
16 secretary appointed by the board. A person is ineligible
17 for appointment as executive secretary or deputy
18 executive secretary if, within two years prior to
19 appointment, the person, or any partnership or
20 corporation in which the person is a principal, was
21 employed by, retained by, or derived substantial income
22 from, any gambling establishment, whether or not a
23 controlled gambling establishment.

24 (b) The executive secretary shall receive the annual
25 salary established by the board and approved by the
26 Department of Personnel Administration. The executive
27 secretary shall be the board's executive officer and shall
28 carry out and execute the duties as specified by law and
29 by the board and, for that purpose, the executive
30 secretary may appoint staff and clerical personnel. It is
31 the intent of the Legislature that the employment of
32 assistants and clerical personnel as provided by this
33 subdivision shall not be accomplished by any reduction in
34 the reasonably necessary staffing level of the division.

35 19815.6. (a) *The Gambling Advisory Task Force is*
36 *hereby created. The task force consists of 12 members.*
37 *The Governor shall appoint eight members, one each*
38 *associated with the cardclub industry, the horseracing*
39 *industry, the state lottery, and tribal gaming; one who has*
40 *served as a local elected official or who has been*

1 employed by a local government with a cardroom in its
2 jurisdiction; one associated with law enforcement; one
3 mental health professional with experience with
4 pathological gambling; and one representative of a local
5 government that is directly impacted by a tribal gaming
6 operation. The Speaker of the Assembly and the Senate
7 Committee on Rules shall each appoint two members
8 who are representatives of the public. The chair shall be
9 selected by a vote of the task force members.

10 (b) The task force shall provide the Governor and the
11 Legislature with advice, input, and recommendations on
12 all aspects of gambling including, but not limited to,
13 pathological and problem gambling, Indian gaming,
14 gambling regulation, internet and other at-home
15 gambling, the California State Lottery, and any other
16 relevant gambling-related issues.

17 (c) The task force shall submit a report to the
18 Legislature and the Governor every two years and may
19 send any additional reports to the Legislature and the
20 Governor that the task force determines to be
21 appropriate.

22 (d) The task force shall consult with other federal,
23 state, and local agencies involved in gambling.

24 19816. (a) The division shall furnish to the board all
25 equipment, supplies, and office space that may be
26 necessary for the purpose of carrying out the board's
27 functions.

28 (b) This section shall remain in effect only until the
29 occurrence of the events specified in subdivisions (a) and
30 (b) of Section 66 of the act that added this chapter, and
31 as of that date is repealed, unless a later enacted statute,
32 which is enacted before the occurrence of the events
33 specified in subdivisions (a) and (b) of Section 66 of the
34 act that added this chapter, deletes or extends that date.

35 19817. (a) Except as otherwise provided in this
36 chapter, Article 9 (commencing with Section 11120) of
37 Chapter 1 of Part 1 of Division 3 of Title 2 of the
38 Government Code applies to meetings of the board.

39 (b) This section shall remain in effect only until the
40 occurrence of the events specified in subdivisions (a) and

1 (b) of Section 66 of the act that added this chapter, and
2 as of that date is repealed, unless a later enacted statute,
3 which is enacted before the occurrence of the events
4 specified in subdivisions (a) and (b) of Section 66 of the
5 act that added this chapter, deletes or extends that date.

6 19818. The executive secretary of the board may
7 appoint no more than two attorneys as counsel to the
8 board. However, in lieu of representation by the
9 attorneys appointed pursuant to this section, the board
10 may request representation by the Attorney General in
11 any proceeding before any court.

12 19820. (a) The division shall maintain a file of all
13 applications for licenses under this chapter, together with
14 a record of all action taken with respect to those
15 applications. The file and record shall be open to public
16 inspection.

17 (b) The division and board may maintain files and
18 records as they deem appropriate. Except as provided in
19 this chapter, the records of the division are exempt from
20 disclosure under Chapter 3.5 (commencing with Section
21 6250) of Division 7 of Title 1 of the Government Code.

22 (c) Except as necessary for the administration of this
23 chapter, no member of the board and no official,
24 employee, or agent of the board or division, having
25 obtained access to confidential records or information in
26 the performance of duties pursuant to this chapter, shall
27 knowingly disclose or furnish the records or information,
28 or any part thereof, to any person who is not authorized
29 by law to receive it. A violation of this subdivision is a
30 misdemeanor.

31 (d) Notwithstanding subdivision (k) of Section
32 1798.24 of the Civil Code, a court shall not compel
33 disclosure of personal information in the possession of the
34 division to any person in any civil proceeding wherein the
35 division or the board is not a party, except for good cause
36 and upon a showing that the information cannot
37 otherwise be obtained. Nothing herein shall be construed
38 to authorize the disclosure of personal information that
39 would otherwise be exempt from disclosure.

(e) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19821. (a) All files, records, reports, and other information in possession of any state or local governmental agency that are relevant to an investigation by the division conducted pursuant to this chapter shall be made available to the division as requested. However, any tax information received from a governmental agency shall be used solely for effectuating the purposes of this chapter. To the extent that the files, records, reports, or information described in this section are confidential or otherwise privileged from disclosure under any law or exercise of discretion, they shall not lose that confidential or privileged status for having been disclosed to the division.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19822. (a) The division and the board are responsible for all of the following:

(1) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

1 (3) Investigating the qualifications of applicants
2 before any license is issued, and investigating any request
3 for any approval or permission that may be required
4 pursuant to this chapter.

5 (b) For purposes of this section, “unqualified person”
6 means a person who is found to be unqualified pursuant
7 to the criteria set forth in Section 19848, and “disqualified
8 person” means a person who is found to be disqualified
9 pursuant to the criteria set forth in Section 19850.

10 (c) This section shall remain in effect only until the
11 occurrence of the events specified in subdivisions (a) and
12 (b) of Section 66 of the act that added this chapter, and
13 as of that date is repealed, unless a later enacted statute,
14 which is enacted before the occurrence of the events
15 specified in subdivisions (a) and (b) of Section 66 of the
16 act that added this chapter, deletes or extends that date.

17 19822.1. (a) The responsibilities of the division
18 include, without limitation, all of the following:

19 (1) Monitoring the conduct of all licensees and other
20 persons having a material involvement, directly or
21 indirectly, with a gambling operation or its holding
22 company, for the purpose of ensuring that licenses are not
23 issued or held by, and that there is no direct or indirect
24 material involvement with, a gambling operation or
25 holding company by ineligible, unqualified, disqualified,
26 or unsuitable persons, or persons whose operations are
27 conducted in a manner that is inimical to the public
28 health, safety, or welfare.

29 (2) Investigating suspected violations of this chapter
30 or laws of this state relating to gambling, including any
31 activity prohibited by Chapter 9 (commencing with
32 Section 319) or Chapter 10 (commencing with Section
33 330) of Title 9 of Part 1 of the Penal Code.

34 (3) Investigating complaints that are lodged against
35 licensees, or other persons associated with a gambling
36 operation, by members of the public.

37 (4) Initiating, where appropriate, disciplinary actions
38 as provided in this chapter.

39 (b) This section shall remain in effect only until the
40 occurrence of the events specified in subdivisions (a) and

(b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19823. (a) The division shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

(1) Require any person to apply for a license or approval as specified in this chapter.

(2) For any cause deemed reasonable by the division, deny any application for a license, permit, or approval provided for in this chapter, or limit, condition, or restrict any such license, permit, or approval.

(3) Approve or disapprove transactions, events, and processes as provided in this chapter.

(4) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.

(5) Take actions deemed to be reasonable to ensure that gambling activities take place only in suitable locations.

(6) Grant temporary licenses or approvals on appropriate terms and conditions.

(7) Institute a civil action in any superior court against any person subject to this chapter to restrain a violation of this chapter. An action brought against a person pursuant to this section does not preclude a criminal action or administrative proceeding against that person by the Attorney General or any district attorney or city attorney.

(8) Approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and

1 as of that date is repealed, unless a later enacted statute,
2 which is enacted before the occurrence of the events
3 specified in subdivisions (a) and (b) of Section 66 of the
4 act that added this chapter, deletes or extends that date.

5 19823.1. (a) In addition to other powers and duties
6 specified in this chapter, the board may grant, deny,
7 revoke, suspend, or impose conditions, restrictions, or
8 limitations on licenses, permits, or approvals as provided
9 in this chapter.

10 (b) This section shall remain in effect only until the
11 occurrence of the events specified in subdivisions (a) and
12 (b) of Section 66 of the act that added this chapter, and
13 as of that date is repealed, unless a later enacted statute,
14 which is enacted before the occurrence of the events
15 specified in subdivisions (a) and (b) of Section 66 of the
16 act that added this chapter, deletes or extends that date.

17 19825. (a) The division has all powers necessary and
18 proper to enable it to carry out fully and effectually the
19 duties and responsibilities of the division specified in this
20 chapter. The investigatory powers of the division include,
21 but are not limited to, all of the following:

22 (1) Upon approval of the director, and without notice
23 or warrant, the division may take any of the following
24 actions:

25 (A) Visit, investigate, and place expert accountants,
26 technicians, and any other person, as it may deem
27 necessary, in all areas of the premises wherein controlled
28 gambling is conducted for the purpose of determining
29 compliance with the rules and regulations adopted
30 pursuant to this chapter.

31 (B) Visit, inspect, and examine all premises where
32 gambling equipment is manufactured, sold, or
33 distributed.

34 (C) Inspect all equipment and supplies in any
35 gambling establishment or in any premises where
36 gambling equipment is manufactured, sold, or
37 distributed.

38 (D) Summarily seize, remove, and impound any
39 equipment, supplies, documents, or records from any
40 licensed premises for the purpose of examination and



1 inspection. However, upon reasonable demand by the
2 licensee or the licensee's authorized representative, a
3 copy of all documents and records seized shall be made
4 and left on the premises.

5 (E) Demand access to, and inspect, examine,
6 photocopy, and audit all papers, books, and records of an
7 owner licensee on the gambling premises in the presence
8 of the licensee or his or her agent.

9 (2) Except as provided in paragraph (1), upon
10 obtaining an inspection warrant pursuant to Section
11 1822.60 of the Code of Civil Procedure, the division may
12 inspect and seize for inspection, examination, or
13 photocopying any property possessed, controlled, bailed,
14 or otherwise held by any applicant, licensee, or any
15 intermediary company, or holding company.

16 (3) The division may investigate, for purposes of
17 prosecution, any suspected criminal violation of this
18 chapter. However, nothing in this paragraph limits the
19 powers conferred by any other provision of law on agents
20 of the division who are peace officers.

21 (4) The division may do both of the following:

22 (A) Issue subpoenas to require the attendance and
23 testimony of witnesses and the production of books,
24 records, documents, and physical materials.

25 (B) Administer oaths, examine witnesses under oath,
26 take evidence, and take depositions and affidavits or
27 declarations. Notwithstanding Section 11189 of the
28 Government Code, the division, without leave of court,
29 may take the deposition of any applicant or any licensee.
30 Sections 11185 and 11191 of the Government Code do not
31 apply to a witness who is an applicant or a licensee.

32 (b) (1) Subdivision (a) shall not be construed to limit
33 warrantless inspections except as required by the
34 California Constitution or the United States Constitution.

35 (2) Subdivision (a) shall not be construed to prevent
36 entries and administrative inspections, including seizures
37 of property, without a warrant in the following
38 circumstances:

39 (A) With the consent of the owner, operator, or agent
40 in charge of the premises.

1 (B) In situations presenting imminent danger to
2 health and safety.

3 (C) In situations involving inspection of conveyances
4 where there is reasonable cause to believe that the
5 mobility of the conveyance makes it impractical to obtain
6 a warrant, or in any other exceptional or emergency
7 circumstance where time or opportunity to apply for a
8 warrant is lacking.

9 (D) In accordance with this chapter.

10 (E) In all other situations where a warrant is not
11 constitutionally required.

12 19827. (a) Without limiting any privilege that is
13 otherwise available under law, any communication or
14 document from, or concerning, an applicant, licensee, or
15 registrant is absolutely privileged under any of the
16 following circumstances:

17 (1) It was made or published by an agent or employee
18 of the division or board in the proper discharge of official
19 duties or in the course of any proceeding under this
20 chapter.

21 (2) It was required to be made or transmitted to the
22 division or board, or any of their agents or employees by
23 law, regulation, or subpoena of the division or the board.

24 (3) It was made or transmitted to the division for the
25 purpose of causing, or during the course of, an
26 investigation conducted pursuant to this chapter. No
27 statement, and no publication of any document,
28 described in this subdivision, shall impose liability for
29 defamation or constitute a ground for recovery in any
30 civil action.

31 (b) If any document or communication provided to
32 the division contains any information that is privileged
33 pursuant to Division 8 (commencing with Section 900) of
34 the Evidence Code, or any other provision of law, that
35 privilege is not waived or lost because the document or
36 communication is disclosed to the division or the board or
37 to any of their agents or employees.

38 (c) The division, the board, and their agents and
39 employees shall not release or disclose any information,
40 documents, or communications provided by an applicant

1 or licensee that are privileged pursuant to Division 8
2 (commencing with Section 900) of the Evidence Code,
3 without the prior written consent of the applicant or
4 licensee, or pursuant to lawful court order after timely
5 notice of the proceedings has been given to the applicant
6 or licensee. An application to a court for an order
7 requiring the division or the board to release any
8 information declared by law to be confidential shall be
9 made only upon motion made in writing on not less than
10 10 business days' notice to the division, and to all persons
11 who may be affected by the entry of the order.

12 19828. Every district attorney, and every state and
13 local law enforcement agency, shall furnish to the
14 division, on forms prepared by the division, all
15 information obtained during the course of any substantial
16 investigation or prosecution of any person, as determined
17 by the division, if it appears that a violation of any law
18 related to gambling has occurred, including any violation
19 of Chapter 9 (commencing with Section 319) or Chapter
20 10 (commencing with Section 330) of Title 9 of Part 1 of
21 the Penal Code.

22 19829. There is an investigative account within the
23 Gambling Control Fund. All funds received for the
24 purpose of paying expenses incurred by the division for
25 investigation of an application for a license or approval
26 under this chapter shall be deposited in the account.
27 Expenses may be advanced from the investigative
28 account to the division by the director.

29

30 Article 3. Regulations

31

32 19830. (a) The division may adopt regulations for the
33 administration and enforcement of this chapter. To the
34 extent appropriate, regulations of the division shall take
35 into consideration the operational differences of large
36 and small establishments. The board may adopt rules
37 relating to its internal procedures that may be required
38 and that are not inconsistent with this chapter.

39 (b) Except as expressly provided in this chapter,
40 Chapter 3.5 (commencing with Section 11340) of Part 1



1 of Division 3 of Title 2 of the Government Code shall not
2 apply to any regulation adopted pursuant to this article.
3 Failure to comply with this article shall not affect the
4 validity of any regulation adopted by the division, or any
5 amendment or repeal of the regulation, if there has been
6 substantial compliance with this article.

7 19831. (a) In emergencies, the division may
8 summarily adopt, amend, or repeal any regulation, if, at
9 the time, the division makes a finding that the action is
10 necessary for the immediate preservation of the public
11 peace, health, safety, morals, good order, or general
12 welfare, together with a statement of the facts
13 constituting the emergency.

14 (b) Regulations adopted by the division on or before
15 September 1, 1998, for the purpose of implementing this
16 chapter, shall be deemed to be emergency regulations
17 and shall take effect immediately upon adoption.

18 (1) No regulation that is deemed to be an emergency
19 regulation solely by operation of this subdivision shall be
20 valid after July 1, 1999, unless the regulation has been
21 subsequently adopted by the division, following a public
22 hearing, in accordance with this article.

23 (2) Nothing in paragraph (1) shall be construed to
24 limit the power of the division to adopt emergency
25 regulations pursuant to subdivision (a).

26 19832. Regulations, except emergency regulations,
27 adopted by the division pursuant to this article, including
28 orders of repeal, shall be effective upon the filing of a
29 certified copy thereof with the Secretary of State.

30 19833. Except as provided in Section 19831, the
31 division shall adopt, amend, and repeal regulations in
32 accordance with the following procedures:

33 (a) At least 45 calendar days prior to the close of the
34 public comment period on the adoption, amendment, or
35 repeal of a regulation, notice of the proposed action shall
36 be mailed to every person who has filed a request for
37 notice of regulatory actions with the division, and may be
38 mailed to any person or group of persons who the division
39 believes to be interested in the proposed action. The

1 notice of proposed adoption, amendment, or repeal of a
2 regulation shall include all of the following:

3 (1) A statement of the time, place, and nature of the
4 proceedings for adoption, amendment, or repeal of a
5 regulation.

6 (2) A reference to the particular code sections or
7 provisions of law that are being implemented,
8 interpreted, or made specific.

9 (3) An informative digest containing a concise and
10 clear summary of existing laws and regulations, if any,
11 related directly to the action and the effect of the
12 proposed action.

13 (4) The name and telephone number of the employee
14 or officer to whom inquiries concerning the proposed
15 administrative action may be directed.

16 (5) The date by which comments submitted in writing
17 must be received to present statements, arguments, or
18 contentions in writing, relating to the proposed action, in
19 order for them to be considered by the division before it
20 adopts, amends, or repeals a regulation.

21 (6) A statement indicating that the full text of the
22 proposed regulation is available from the employee or
23 officer designated in paragraph (4).

24 (b) When a public hearing is held, statements,
25 arguments, or contentions, either oral or in writing, or
26 both, shall be permitted. The division, consistent with
27 paragraph (5) of subdivision (a), shall afford any
28 interested person or his or her duly authorized
29 representative, the opportunity to present statements,
30 arguments, or contentions in writing. The division shall
31 consider and respond to the comments of the controlled
32 gambling industry, and all other relevant matter
33 presented to it before adopting, amending, or repealing
34 any regulation, including emergency regulations. In any
35 hearing held under this subdivision, the director or the
36 authorized representative of the director may administer
37 oaths or affirmations. The division may continue or
38 postpone a hearing from time to time, to the time and
39 place it determines. However, if a hearing is continued or
40 postponed, the division shall provide notice to the public

1 advising when the hearing will be resumed or
2 rescheduled.

3 (c) A public hearing shall be held if, no later than 15
4 calendar days prior to the close of the written comment
5 period, a written request for a public hearing is filed with
6 the division. Notwithstanding the foregoing, no public
7 hearing shall be required if, following submission of the
8 written request, the division, at the recommendation of
9 the board, determines that the proposed regulation is of
10 a technical or nonsubstantive nature and that submission
11 of written comments is sufficient.

12 (d) Any interested person may file a written petition
13 with the division requesting the adoption, amendment,
14 or repeal of a regulation. The petition shall state, clearly
15 and concisely, all of the following:

16 (1) The substance or nature of the regulation,
17 amendment, or repeal requested.

18 (2) The reasons for the request.

19 (3) Reference to the authority of the division to take
20 the action requested.

21 (e) Upon receipt of a petition described in subdivision
22 (d), the division, within 30 days, shall deny the request in
23 writing or schedule the matter for action in accordance
24 with subdivision (a).

25 19834. The regulations adopted by the division shall
26 do all of the following:

27 (a) With respect to applications, registrations,
28 investigations, and fees, the regulations shall include, but
29 not be limited to, provisions that do all of the following:

30 (1) Prescribe the method and form of application and
31 registration.

32 (2) Prescribe the information to be furnished by any
33 applicant, licensee, or registrant concerning, as
34 appropriate, the person's personal history, habits,
35 character, associates, criminal record, business activities,
36 organizational structure, and financial affairs, past or
37 present.

38 (3) Prescribe the information to be furnished by an
39 owner licensee relating to the licensee's gambling
40 employees.

1 (4) Require fingerprinting or other methods of
2 identification of an applicant, licensee, or employee of a
3 licensee.

4 (5) Prescribe the manner and method of collection
5 and payment of fees and issuance of licenses.

6 (b) Provide for the approval of game rules and
7 equipment by the division to ensure fairness to the public
8 and compliance with state laws.

9 (c) Implement the provisions of this chapter relating
10 to licensing.

11 (d) Require owner licensees to report and keep
12 records of transactions, as determined by the division,
13 involving cash or credit. The regulations may include,
14 without limitation, regulations requiring owner licensees
15 to file with the division reports similar to those required
16 by Sections 5313 and 5314 of Title 31 of the United States
17 Code, and by Sections 103.22 and 103.23 of Title 31 of the
18 Code of Federal Regulations, and any successor
19 provisions thereto, from financial institutions, as defined
20 in Section 5312 of Title 31 of the United States Code and
21 Section 103.11 of Title 31 of the Code of Federal
22 Regulations, and any successor provisions.

23 (e) Provide for the receipt of protests and written
24 comments on an application by public agencies, public
25 officials, local governing bodies, or residents of the
26 location of the gambling establishment or future
27 gambling establishment.

28 (f) Provide for the disapproval of advertising by
29 licensed gambling establishments that is determined by
30 the division to be deceptive to the public. Regulations
31 adopted by the division for advertising by licensed
32 gambling establishments shall be consistent with the
33 advertising regulations adopted by the California Horse
34 Racing Board and the Lottery Commission.
35 Advertisement that appeals to children or adolescents, or
36 offers gambling as a means of becoming wealthy is
37 presumptively deceptive.

38 (g) Govern all of the following:

39 (1) The extension of credit.

1 (2) The cashing, deposit, and redemption of checks or
2 other negotiable instruments.

3 (3) The verification of identification in monetary
4 transactions.

5 (h) Prescribe minimum procedures for adoption by
6 owner licensees to exercise effective control over their
7 internal fiscal and gambling affairs, which shall include,
8 but not be limited to, provisions for all of the following:

9 (1) The safeguarding of assets and revenues, including
10 the recording of cash and evidences of indebtedness.

11 (2) Prescribing the manner in which compensation
12 from games and gross revenue shall be computed and
13 reported by an owner licensee.

14 (3) The provision of reliable records, accounts, and
15 reports of transactions, operations, and events, including
16 reports to the division.

17 (i) Provide for the adoption and use of internal audits,
18 whether by qualified internal auditors or by certified
19 public accountants. As used in this subdivision, “internal
20 audit” means a type of control that operates through the
21 testing and evaluation of other controls and that is also
22 directed toward observing proper compliance with the
23 minimum standards of control prescribed in subdivision
24 (h).

25 (j) Require periodic financial reports from each owner
26 licensee.

27 (k) Specify standard forms for reporting financial
28 conditions, results of operations, and other relevant
29 financial information.

30 (l) Formulate a uniform code of accounts and
31 accounting classifications to ensure consistency,
32 comparability, and effective disclosure of financial
33 information.

34 (m) Prescribe intervals at which the information in
35 subdivisions (j) and (k) shall be furnished to the division.

36 (n) Require audits to be conducted, in accordance
37 with generally accepted auditing standards, of the
38 financial statements of all owner licensees whose annual
39 gross revenues equal or exceed a specified sum. However,
40 nothing herein shall be construed to limit the division’s

1 authority to require audits of any owner licensee. Audits,
2 compilations, and reviews provided for in this subdivision
3 shall be made by independent certified public
4 accountants licensed to practice in this state.

5 (o) Restrict, limit, or otherwise regulate any activity
6 that is related to the conduct of controlled gambling,
7 consistent with the purposes of this chapter.

8 (p) Define and limit the area, games, and equipment
9 permitted, or the method of operation of games and
10 equipment, when, at the request of a sheriff or district
11 attorney, the division determines that local regulation of
12 these subjects is insufficient to protect the health, safety,
13 or welfare of residents in geographical areas proximate to
14 a gambling establishment.

15 (q) Prohibit gambling establishments from cashing
16 checks drawn against any federal, state, or county fund,
17 including, but not limited to, social security,
18 unemployment insurance, disability payments, or public
19 assistance payments.

20 However, a gambling establishment shall not be
21 prohibited from cashing any payroll checks or checks for
22 the delivery of goods or services that are drawn against
23 a federal, state, or county fund.

24 19834.5. (a) The division shall not prohibit, on a
25 statewide basis, the play of any game or restrict the
26 manner in which any game is played, unless the division,
27 in a proceeding pursuant to this article, finds that the
28 game, or the manner in which the game is played, violates
29 a law of the United States, a law of this state, or a local
30 ordinance.

31 (b) Nothing in this section shall be construed to limit
32 the powers of the division in a proceeding against a
33 licensee pursuant to Article 9.5 (commencing with
34 Section 19920).

35 (c) No regulation prohibiting a game or the manner in
36 which a game is played shall be deemed to be an
37 emergency regulation pursuant to subdivision (b) of
38 Section 19831.

39 19834.6. The division shall not prohibit, on a statewide
40 basis, the placing of a wager on a controlled game by a

1 person at a gaming table, if the person is present at the
2 table and actively participating in the hand with a single
3 seated player upon whose hand the wagers are placed.

4 19835. (a) The division, by regulation, shall provide
5 for the formulation of a list of persons who are to be
6 excluded or ejected from any gambling establishment.
7 The list may include any person whose presence in the
8 establishment is determined by the division to pose a
9 threat to the interests of this state or to controlled
10 gambling, or both.

11 (b) In making the determination described in
12 subdivision (a), the division may consider, but is not
13 limited to considering, any of the following:

14 (1) Prior conviction of a crime that is a felony in this
15 state or under the laws of the United States, a crime
16 involving moral turpitude, or a violation of the gambling
17 laws of this or any other state.

18 (2) The violation of, or conspiracy to violate, the
19 provisions of this chapter relating to the failure to disclose
20 an interest in a gambling establishment for which the
21 person is required to obtain a license, or the willful
22 evasion of fees.

23 (3) A notorious or unsavory reputation that would
24 adversely affect public confidence and trust that the
25 gambling industry is free from criminal or corruptive
26 elements.

27 (4) An order of exclusion or ejection from a racing
28 inclosure issued by the California Horse Racing Board.

29 (c) The division shall distribute the list of persons who
30 are to be excluded or ejected from any gambling
31 establishment to all owner licensees and shall provide
32 notice to any persons included on the list.

33 (d) The division shall adopt regulations establishing
34 procedures for hearing of petitions by persons who are
35 ejected or excluded from licensed premises pursuant to
36 this section or pursuant to Section 19835.5.

37 (e) The board may revoke, limit, condition, or suspend
38 the license of an owner, or fine an owner licensee, if that
39 licensee knowingly fails to exclude or eject from the

1 gambling establishment of that licensee any person
2 included on the list of persons to be excluded or ejected.

3 19835.5. (a) A licensee may remove from his or her
4 licensed premises any person who, while on the premises:

5 (1) Is a disorderly person, as defined by Section 647 of
6 the Penal Code.

7 (2) Interferes with a lawful gambling operation.

8 (3) Solicits or engages in any act of prostitution.

9 (4) Begs, is boisterous, or is otherwise offensive to
10 other persons.

11 (5) Commits any public offense.

12 (6) Is intoxicated.

13 (7) Is a person who the division, by regulation, has
14 determined should be excluded from licensed gambling
15 establishments in the public interest.

16 (b) Nothing in this section shall be deemed, expressly
17 or impliedly, to preclude a licensee from exercising the
18 right to deny access to or to remove any person from its
19 premises or property for any reason the licensee deems
20 appropriate.

21 19836. This article shall remain in effect only until the
22 occurrence of the events specified in subdivisions (a) and
23 (b) of Section 66 of the act that added this chapter, and
24 as of that date is repealed, unless a later enacted statute,
25 which is enacted before the occurrence of the events
26 specified in subdivisions (a) and (b) of Section 66 of the
27 act that added this chapter, deletes or extends that date.

28 29 Article 4. Licensing

30
31 19840. Every person who, either as owner, lessee, or
32 employee, whether for hire or not, either solely or in
33 conjunction with others, deals, operates, carries on,
34 conducts, maintains, or exposes for play any controlled
35 game in this state, or who receives, directly or indirectly,
36 any compensation or reward, or any percentage or share
37 of the money or property played, for keeping, running, or
38 carrying on any controlled game in this state, shall obtain,
39 and thereafter maintain a valid state gambling license,
40 key employee license, or work permit, as specified in this

1 chapter. In any criminal prosecution for violation of this
2 section, the punishment shall be as provided in Section
3 337j of the Penal Code.

4 19840.5. (a) The owner of a gambling enterprise shall
5 apply for and obtain a state gambling license.

6 (b) Other persons who also obtain a state gambling
7 license, or key employee license, as required by this
8 chapter, shall not receive a separate license certificate,
9 but the license of every such person shall be endorsed on
10 the license that is issued to the owner of the gambling
11 enterprise.

12 19841. (a) An owner of a gambling enterprise that is
13 not a natural person shall not be eligible for a state
14 gambling license unless each of the following persons
15 individually applies for and obtains a state gambling
16 license:

17 (1) If the owner is a corporation, then each officer,
18 director, and shareholder, other than a holding or
19 intermediary company, of the owner. The foregoing does
20 not apply to an owner that is either a publicly traded
21 racing association or a qualified racing association.

22 (2) If the owner is a publicly traded racing association,
23 then each officer, director, and owner, other than an
24 institutional investor, of 5 percent or more of the
25 outstanding shares of the publicly traded corporation.

26 (3) If the owner is a qualified racing association, then
27 each officer, director, and shareholder, other than an
28 institutional investor, of the subsidiary corporation and
29 any owner, other than an institutional investor, of 5
30 percent or more of the outstanding shares of the publicly
31 traded corporation.

32 (4) If the owner is a partnership, then every general
33 and limited partner of, and every trustee or person, other
34 than a holding or intermediary company, having or
35 acquiring a direct or beneficial interest in, that
36 partnership owner.

37 (5) If the owner is a trust, then the trustee, every
38 beneficiary, and, in the discretion of the division, the
39 trustor of the trust.

(6) If the owner is a business organization other than a corporation, partnership, or trust, then all those persons as the division may require, consistent with this chapter.

(7) Each person, ~~other than a landlord,~~ who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.

(8) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the division, has the power to exercise a significant influence over the gambling operation.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19842. (a) The division, by regulation or order, may require that the following persons register with the division, apply for a finding of suitability, or apply for a gambling license:

(1) Any person who furnishes any services or any property to a gambling enterprise under any arrangement whereby that person receives payments based on earnings, profits, or receipts from controlled gambling.

(2) Any person who owns an interest in the premises of a licensed gambling establishment or in real property used by a licensed gambling establishment.

(3) Any person who does business on the premises of a licensed gambling establishment.

(4) Any person who is an independent agent of, or does business with, a gambling enterprise as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion operated with respect to a licensed gambling establishment.

(5) Any person who provides any goods or services to a gambling enterprise for compensation that the division

1 finds to be grossly disproportionate to the value of the
2 goods or services provided.

3 (6) Every person who, in the judgment of the division,
4 has the power to exercise a significant influence over the
5 gambling operation.

6 (b) If a publicly traded corporation is engaged in
7 activities described in paragraphs (2), (3), and (4) of
8 subdivision (a), the division may require the corporation
9 and the following other persons to apply for and obtain a
10 license or finding of suitability:

11 (1) Any officer or director.

12 (2) Any owner, other than an institutional investor, of
13 5 percent or more of the outstanding shares of the
14 corporation.

15 (c) This section shall remain in effect only until the
16 occurrence of the events specified in subdivisions (a) and
17 (b) of Section 66 of the act that added this chapter, and
18 as of that date is repealed, unless a later enacted statute,
19 which is enacted before the occurrence of the events
20 specified in subdivisions (a) and (b) of Section 66 of the
21 act that added this chapter, deletes or extends that date.

22 19844. (a) Every key employee shall apply for and
23 obtain a key employee license.

24 (b) Licenses issued to key employees shall be for
25 specified positions only, and those positions shall be
26 enumerated in the endorsement described in subdivision
27 (b) of Section 19840.5.

28 (c) No person may be issued a key employee license
29 unless the person would qualify for a state gambling
30 license.

31 (d) No person may be issued a key employee license
32 unless the person is a resident of this state.

33 19846. (a) Every person who, by statute or
34 regulation, is required to hold a state license shall obtain
35 the license prior to engaging in the activity or occupying
36 the position with respect to which the license is required.
37 Every person who, by order of the division, is required to
38 apply for a gambling license or a finding of suitability shall
39 file the application within 30 calendar days after receipt
40 of the order.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19847. (a) Any person who the division determines is qualified to receive a state license, having due consideration for the proper protection of the health, safety, and general welfare of the residents of the State of California and the declared policy of this state, may be issued a license. The burden of proving his or her qualifications to receive any license is on the applicant.

(b) An application to receive a license constitutes a request for a determination of the applicant's general character, integrity, and ability to participate in, engage in, or be associated with, controlled gambling.

(c) In reviewing an application for any gambling license, the division shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the gambling operations with respect to which the license would be issued are free from criminal and dishonest elements and would be conducted honestly.

(d) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19848. No gambling license shall be issued unless, based on all of the information and documents submitted, the division is satisfied that the applicant is all of the following:

(a) A person of good character, honesty, and integrity.

(b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state, or to the effective

1 regulation and control of controlled gambling, or create
2 or enhance the dangers of unsuitable, unfair, or illegal
3 practices, methods, and activities in the conduct of
4 controlled gambling or in the carrying on of the business
5 and financial arrangements incidental thereto.

6 (c) A person that is in all other respects, qualified to be
7 licensed as provided in this chapter.

8 (d) This section shall remain in effect only until the
9 occurrence of the events specified in subdivisions (a) and
10 (b) of Section 66 of the act that added this chapter, and
11 as of that date is repealed, unless a later enacted statute,
12 which is enacted before the occurrence of the events
13 specified in subdivisions (a) and (b) of Section 66 of the
14 act that added this chapter, deletes or extends that date.

15 19848.5. (a) Except as provided in subdivision (b), a
16 person shall be deemed to be unsuitable to hold a state
17 gambling license to own a gambling establishment if the
18 person, or any partner, officer, director, or shareholder of
19 the person, has any financial interest in any business or
20 organization that is engaged in any form of gambling
21 prohibited by Section 330 of the Penal Code, whether
22 within or without this state.

23 (b) Subdivision (a) does not apply to a publicly traded
24 racing association, a qualified racing association, or any
25 person who is licensed pursuant to paragraphs (2) or (3)
26 of subdivision (a) of Section 19841.

27 19850. (a) The division shall deny a license to any
28 applicant who is disqualified for any of the following
29 reasons:

30 (1) Failure of the applicant to clearly establish
31 eligibility and qualification in accordance with this
32 chapter.

33 (2) Failure of the applicant to provide information,
34 documentation, and assurances required by this chapter
35 or requested by the director, or failure of the applicant to
36 reveal any fact material to qualification, or the supplying
37 of information that is untrue or misleading as to a material
38 fact pertaining to the qualification criteria.

39 (3) Conviction of the applicant for any crime
40 punishable as a felony.

(4) Conviction of the applicant for any misdemeanor involving dishonesty or moral turpitude within the 10-year period immediately preceding the submission of the application, unless the applicant has been granted relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the Penal Code.

(5) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(6) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or of the United States, when that body is engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.

(7) The applicant is less than 21 years of age.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19851. (a) The division shall deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:

(1) The hours of operation of gambling establishments.

(2) Patron security and safety in and around the gambling establishments.

(3) The location of gambling establishments.

(4) Wagering limits in gambling establishments.

(5) The number of gambling tables in each gambling establishment and in the jurisdiction.

(b) In any city, county, or city and county in which the local gambling ordinance does not govern the matters specified in subdivision (a), any amendment to the

1 ordinance to govern those matters is not subject to
2 Section 19950.1.

3 (c) This section shall remain in effect only until the
4 occurrence of the events specified in subdivisions (a) and
5 (b) of Section 66 of the act that added this chapter, and
6 as of that date is repealed, unless a later enacted statute,
7 which is enacted before the occurrence of the events
8 specified in subdivisions (a) and (b) of Section 66 of the
9 act that added this chapter, deletes or extends that date.

10 19852. (a) In addition to other grounds stated in this
11 chapter, the division shall deny a gambling license for any
12 of the following reasons:

13 (1) If issuance of the license with respect to the
14 proposed gambling establishment or expansion would
15 tend unduly to create law enforcement problems in a city,
16 county, or city and county other than the city, county, or
17 city and county that has regulatory jurisdiction over the
18 applicant's premises.

19 (2) If issuance of the license is sought in respect to a
20 new gambling establishment, or the expansion of an
21 existing gambling establishment, that is to be located or
22 is located near an existing school, an existing building
23 used primarily as a place of worship, an existing
24 playground or other area of juvenile congregation, an
25 existing hospital, convalescence facility, or near another
26 similarly unsuitable area, as determined by regulation of
27 the division, which is located in a city, county, or city and
28 county other than the city, county, or city and county that
29 has regulatory jurisdiction over the applicant's gambling
30 premises.

31 (b) For the purposes of this section, "expansion"
32 means an increase of 25 percent or more in the number
33 of authorized gambling tables in a gambling
34 establishment, based on the number of gambling tables
35 for which a license was initially issued pursuant to this
36 chapter.

37 (c) This section shall remain in effect only until the
38 occurrence of the events specified in subdivisions (a) and
39 (b) of Section 66 of the act that added this chapter, and
40 as of that date is repealed, unless a later enacted statute,

1 which is enacted before the occurrence of the events
2 specified in subdivisions (a) and (b) of Section 66 of the
3 act that added this chapter, deletes or extends that date.

4 *19852.1. A publicly traded racing association or a*
5 *qualified racing association shall be allowed to operate*
6 *only one gaming club, and the gaming club shall be*
7 *located on the same premises as the entity's racetrack.*

8 19853. (a) Application for a state license or other
9 division action shall be made on forms furnished by the
10 division.

11 (b) The application for a gambling license shall
12 include all of the following:

13 (1) The name of the proposed licensee.

14 (2) The name and location of the proposed gambling
15 establishment.

16 (3) The gambling games proposed to be conducted.

17 (4) The names of all persons directly or indirectly
18 interested in the business and the nature of the interest.

19 (5) A description of the proposed gambling
20 establishment and operation.

21 (6) Any other information and details the division may
22 require in order to discharge its duty properly.

23 (c) This section shall remain in effect only until the
24 occurrence of the events specified in subdivisions (a) and
25 (b) of Section 66 of the act that added this chapter, and
26 as of that date is repealed, unless a later enacted statute,
27 which is enacted before the occurrence of the events
28 specified in subdivisions (a) and (b) of Section 66 of the
29 act that added this chapter, deletes or extends that date.

30 19853.5. The division shall furnish to the applicant
31 supplemental forms, which the applicant shall complete
32 and file with the division. These supplemental forms shall
33 require, but shall not be limited to requiring, complete
34 information and details with respect to the applicant's
35 personal history, habits, character, criminal record,
36 business activities, financial affairs, and business
37 associates, covering at least a 10-year period immediately
38 preceding the date of filing of the application.

39 19854. (a) An applicant for licensing or for any
40 approval or consent required by this chapter, shall make

1 full and true disclosure of all information to the division
2 as necessary to carry out the policies of this state relating
3 to licensing, registration, and control of gambling.

4 (b) This section shall remain in effect only until the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this chapter, and
7 as of that date is repealed, unless a later enacted statute,
8 which is enacted before the occurrence of the events
9 specified in subdivisions (a) and (b) of Section 66 of the
10 act that added this chapter, deletes or extends that date.

11 19855. (a) An application for a license shall be
12 accompanied by the deposit of a sum of money that, in the
13 judgment of the director, will be adequate to pay the
14 anticipated costs and charges incurred in the
15 investigation and processing of the application. The
16 director shall adopt a schedule of costs and charges of
17 investigation for use as guidelines in fixing the amount of
18 any required deposit under this section.

19 (b) During an investigation, the director may require
20 an applicant to deposit any additional sums as are
21 required by the division to pay final costs and charges of
22 the investigation.

23 (c) Any money received from an applicant in excess of
24 the costs and charges incurred in the investigation or the
25 processing of the application shall be refunded pursuant
26 to regulations adopted by the division. At the conclusion
27 of the investigation, the director shall provide the
28 applicant a written, itemized accounting of the costs and
29 charges so incurred.

30 19856. (a) Within a reasonable time after the filing of
31 an application and any supplemental information the
32 division may require, and the deposit of any fee required
33 pursuant to Section 19855, the division shall commence its
34 investigation of the applicant and, for that purpose, may
35 conduct any proceedings it deems necessary. To the
36 extent practicable, all applications shall be acted upon
37 within 180 calendar days of the date of submission of a
38 completed application. If an investigation has not been
39 concluded within 180 days after the date of submission of
40 a completed application, the division shall provide the

1 applicant with a conditional license. Issuance of a
2 conditional license creates no vested right to the issuance
3 of a state gambling license, and the applicant retains the
4 burden of proving his or her qualifications for that license.

5 (b) This section shall remain in effect only until the
6 occurrence of the events specified in subdivisions (a) and
7 (b) of Section 66 of the act that added this chapter, and
8 as of that date is repealed, unless a later enacted statute,
9 which is enacted before the occurrence of the events
10 specified in subdivisions (a) and (b) of Section 66 of the act
11 that added this chapter, deletes or extends that date.

12 19857. (a) A request for withdrawal of any
13 application may be made at any time prior to final action
14 upon the application by the director by the filing of a
15 written request to withdraw with the division. The
16 division shall not grant the request unless the applicant
17 has established that withdrawal of the application would
18 be consistent with the public interest and the policies of
19 this chapter. If a request for withdrawal is denied, the
20 division may go forward with its investigation and may act
21 upon the application as if no request for withdrawal had
22 been made. If a request for withdrawal is granted with
23 prejudice, the applicant thereafter shall be ineligible to
24 renew its application until the expiration of one year from
25 the date of the withdrawal. Unless the division otherwise
26 directs, no fee or other payment relating to any
27 application is refundable by reason of withdrawal of an
28 application.

29 (b) This section shall remain in effect only until the
30 occurrence of the events specified in subdivisions (a) and
31 (b) of Section 66 of the act that added this chapter, and
32 as of that date is repealed, unless a later enacted statute,
33 which is enacted before the occurrence of the events
34 specified in subdivisions (a) and (b) of Section 66 of the
35 act that added this chapter, deletes or extends that date.

36 19858. (a) The division may either deny the
37 application or grant a license to an applicant who it
38 determines to be qualified to hold the license.

39 (b) When the division grants an application for a
40 license or approval, the division may limit or place

1 restrictions thereon as it may deem necessary in the
2 public interest, consistent with the policies described in
3 this chapter.

4 (c) Prior to denying a license or issuing a license with
5 limitations, conditions, or restrictions, the director, or the
6 director's designee, shall meet with the applicant, or the
7 applicant's duly authorized representative, and inform
8 the applicant generally of the basis for the denial,
9 limitations, conditions, or restrictions.

10 (d) If a license is denied, the director shall prepare and
11 serve on the applicant a written statement of reasons for
12 the denial.

13 (e) Within 10 business days after the division mails a
14 notice of action on an application, the applicant may file
15 a written objection thereto with the board. Upon receipt
16 of a timely objection, in proper form, the board shall meet
17 to consider the application. The meeting shall commence
18 within 30 days after the filing of the written objection.

19 (f) This section shall remain in effect only until the
20 occurrence of the events specified in subdivisions (a) and
21 (b) of Section 66 of the act that added this chapter, and
22 as of that date is repealed, unless a later enacted statute,
23 which is enacted before the occurrence of the events
24 specified in subdivisions (a) and (b) of Section 66 of the
25 act that added this chapter, deletes or extends that date.

26 19858.5. (a) The board meeting described in Section
27 19858 shall be conducted in accordance with regulations
28 of the board and as follows:

29 (1) Oral evidence shall be taken only upon oath or
30 affirmation.

31 (2) Each party shall have all of the following rights:

32 (A) To call and examine witnesses.

33 (B) To introduce exhibits relevant to the issues of the
34 case.

35 (C) To cross-examine opposing witnesses on any
36 matters relevant to the issues, even though the matter
37 was not covered on direct examination.

38 (D) To impeach any witness, regardless of which party
39 first called the witness to testify.

40 (E) To offer rebuttal evidence.

1 (3) If the applicant does not testify in his or her own
2 behalf, he or she may be called and examined as if under
3 cross-examination.

4 (4) The meeting need not be conducted according to
5 technical rules relating to evidence and witnesses. Any
6 relevant evidence may be considered, and is sufficient in
7 itself to support a finding, if it is the sort of evidence on
8 which responsible persons are accustomed to rely in the
9 conduct of serious affairs, regardless of the existence of
10 any common law or statutory rule that might make
11 improper the admission of that evidence over objection
12 in a civil action.

13 (b) Nothing in this section confers upon an applicant
14 a right to discovery of the division's investigative reports
15 or to require disclosure of any document or information
16 the disclosure of which is otherwise prohibited by any
17 other provision of this chapter.

18 19858.7. (a) No member of the board may
19 communicate ex parte, directly or indirectly, with any
20 applicant, or any agent, representative, or person acting
21 on behalf of an applicant, or any agent or employee of the
22 division, upon the merits of an application for a license,
23 permit, registration, or approval while the application is
24 pending disposition before the division or the board.

25 (b) No employee or agent of the division, applicant, or
26 any agent, representative, or person acting on behalf of
27 an applicant, and no person who has a direct or indirect
28 interest in the outcome of a proceeding to consider an
29 application for a license, permit, registration, or approval
30 may communicate ex parte, directly or indirectly, with
31 any member of the board, upon the merits of the
32 application while the application is pending disposition
33 before the board.

34 (c) The receipt by a member of the board of an ex
35 parte communication prohibited by subdivision (b) may
36 provide the basis for disqualification of that member or
37 the denial of the application. The board shall adopt
38 regulations to implement this subdivision.

1 (d) For the purposes of this section, “ex parte” means
2 a communication without notice and opportunity for all
3 parties to participate in the communication.

4 (e) This section shall remain in effect only until the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this chapter, and
7 as of that date is repealed, unless a later enacted statute,
8 which is enacted before the occurrence of the events
9 specified in subdivisions (a) and (b) of Section 66 of the
10 act that added this chapter, deletes or extends that date.

11 19859. No license may be assigned or transferred
12 either in whole or in part.

13 19860. (a) Subject to subdivision (b) of Section
14 19840.5, the division or the board, as the case may be, shall
15 issue and deliver to the applicant a license entitling the
16 applicant to engage in the activity for which the license
17 is issued, together with an enumeration of any specific
18 terms and conditions of the license if both of the following
19 conditions have been met:

20 (1) The division or the board is satisfied that the
21 applicant is eligible and qualified to receive the license.

22 (2) All license fees required by statute and by
23 regulations of the division have been paid.

24 (b) This section shall remain in effect only until the
25 occurrence of the events specified in subdivisions (a) and
26 (b) of Section 66 of the act that added this chapter, and
27 as of that date is repealed, unless a later enacted statute,
28 which is enacted before the occurrence of the events
29 specified in subdivisions (a) and (b) of Section 66 of the
30 act that added this chapter, deletes or extends that date.

31 19861. An owner’s gambling license shall be posted at
32 all times in a conspicuous place in the area where
33 gambling is conducted in the establishment for which the
34 license is issued until it is replaced by a succeeding
35 license.

36 19862. (a) Subject to the power of the division or the
37 board to deny, revoke, suspend, condition, or limit any
38 license, as provided in this chapter, a license shall be
39 renewed annually by the division from the date of
40 issuance, upon proper application for renewal and

1 payment of state license fees as required by statute or
2 regulation.

3 (b) An application for renewal of a gambling license
4 shall be filed by the owner licensee with the division no
5 later than 120 calendar days prior to the expiration of the
6 current license, and all license fees shall be paid to the
7 division on or before the expiration of the current license.
8 The division shall act upon any application for renewal
9 prior to the date of expiration of the current license, and
10 shall provide, by regulation, for notifying licensees of
11 impending license expiration dates. Upon renewal of any
12 owner license, the division shall issue an appropriate
13 renewal certificate or validating device or sticker.

14 (c) Unless the division determines otherwise, renewal
15 of an owner's gambling license shall be deemed to
16 effectuate the renewal of every other gambling license
17 endorsed thereon.

18 (d) In addition to the penalties provided by law, any
19 owner licensee who deals, operates, carries on, conducts,
20 maintains, or exposes for play any gambling game after
21 the expiration date of the gambling license is liable to the
22 state for all license fees and penalties that would have
23 been due upon renewal.

24 (e) If an owner licensee fails to renew the gambling
25 license as provided in this chapter, the division may order
26 the immediate closure of the premises and a cessation of
27 all gambling activity therein until the license is renewed.

28 (f) This section shall remain in effect only until the
29 occurrence of the events specified in subdivisions (a) and
30 (b) of Section 66 of the act that added this chapter, and
31 as of that date is repealed, unless a later enacted statute,
32 which is enacted before the occurrence of the events
33 specified in subdivisions (a) and (b) of Section 66 of the
34 act that added this chapter, deletes or extends that date.

35 19862.5. The failure of an owner licensee to file an
36 application for renewal before the date specified in this
37 chapter may be deemed a surrender of the license. A
38 license has not been renewed within the meaning of this
39 section until all required renewal fees have been paid.

1 19863. (a) Neither an owner licensee, nor a
2 California affiliate of an owner licensee, shall enter into,
3 without prior approval of the division, any contract or
4 agreement with a person who is denied a license, or
5 whose license is suspended or revoked by the division, or
6 with any business enterprise under the control of that
7 person, after the date of receipt of notice of the action by
8 the division.

9 (b) An owner licensee or an affiliate of the owner
10 licensee shall not employ, without prior approval of the
11 division, any person in any capacity for which he or she
12 is required to be licensed, if the person has been denied
13 a license, or if his or her license has been suspended or
14 revoked after the date of receipt of notice of the action
15 by the division. Neither an owner licensee, nor a
16 California affiliate of an owner licensee, without prior
17 approval of the division, shall enter into any contract or
18 agreement with a person whose application has been
19 withdrawn with prejudice, or with any business
20 enterprise under the control of that person, for the period
21 of time during which the person is prohibited from filing
22 a new application for licensure.

23 (c) (1) If an employee who is required to be licensed
24 pursuant to this chapter fails to apply for a license within
25 the time specified by regulation, is denied a license, or has
26 his or her license revoked by the division, the employee
27 shall be terminated in any capacity in which he or she is
28 required to be licensed and he or she shall not be
29 permitted to exercise a significant influence over the
30 gambling operation, or any part thereof, upon being
31 notified of that action.

32 (2) If an employee who is required to be licensed
33 pursuant to this chapter has his or her license suspended,
34 the employee shall be suspended in any capacity in which
35 he or she is required to be licensed and shall not be
36 permitted to exercise a significant influence over the
37 gambling operation, or any part thereof, during the
38 period of suspension, upon being notified of that action.

39 (3) If the owner licensee designates another employee
40 to replace the employee whose employment was

1 terminated, the owner licensee shall promptly notify the
2 division and shall require the newly designated employee
3 to apply for a license.

4 (d) An owner licensee or an affiliate of the owner
5 licensee shall not pay to a person whose employment has
6 been terminated pursuant to subdivision (c) any
7 remuneration for any service performed in any capacity
8 in which the person is required to be licensed, except for
9 amounts due for services rendered before the date of
10 receipt of notice of the action by the division. Neither an
11 owner licensee, nor an affiliate thereof, during the period
12 of suspension, shall pay to a person whose employment
13 has been suspended pursuant to subdivision (c), any
14 remuneration for any service performed in any capacity
15 in which the person is required to be licensed, except for
16 amounts due for services rendered before the date of
17 receipt of notice of the action by the division.

18 (e) Except as provided in subdivision (c), a contract or
19 agreement for the provision of services or property to an
20 owner licensee or an affiliate thereof, or for the conduct
21 of any activity at a gambling establishment, which is to be
22 performed by a person required by this chapter or by the
23 division to be licensed, shall be terminated upon a
24 suspension or revocation of the person's license.

25 (f) In any case in which a contract or agreement for
26 the provision of services or property to an owner licensee
27 or an affiliate thereof, or for the conduct of any activity
28 at a gambling establishment, is to be performed by a
29 person required by this chapter or by the division to be
30 licensed, the contract shall be deemed to include a
31 provision for its termination without liability on the part
32 of the owner licensee or its duly registered holding
33 company upon a suspension or revocation of the person's
34 license. In any action brought by the division to terminate
35 a contract pursuant to subdivision (c) or (e), it shall not
36 be a defense that the agreement does not expressly
37 include the provision described in this subdivision, and
38 the lack of express inclusion of the provision in the
39 agreement shall not be a basis for enforcement of the
40 contract by a party thereto.

(g) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19864. (a) With regard to a person who has had his or her application for a license denied by the division, all of the following shall apply:

(1) Except as provided in paragraph (3), the person shall not be entitled to profit from his or her investment in any business entity that has applied for or been granted a state license.

(2) The person shall not retain his or her interest in a business entity described in paragraph (1) beyond that period prescribed by the division.

(3) The person shall not accept more for his or her interest in a business entity described in paragraph (1) than he or she paid for it, or the market value on the date of the denial of the license or registration, whichever is higher.

(4) Nothing in this section shall be construed as a restriction or limitation on the powers of the division specified in this chapter.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

Article 5. Licensing of Corporations

19870. In addition to the requirements of Section 19841, in order to be eligible to receive a gambling license as the owner of a gambling enterprise, a corporation shall comply with all of the following requirements:

1 (a) Maintain an office of the corporation in the
2 gambling establishment.

3 (b) Comply with all of the requirements of the laws of
4 this state pertaining to corporations.

5 (c) Maintain, in the corporation's principal office in
6 California or in the gambling establishment, a ledger that
7 meets both of the following conditions:

8 (1) At all times reflects the ownership of record of
9 every class of security issued by the corporation.

10 (2) Is available for inspection by the division at all
11 reasonable times without notice.

12 (d) Register as a corporation with the division and
13 supply the following supplemental information to the
14 division:

15 (1) The organization, financial structure, and nature
16 of the business to be operated, including the names,
17 personal and criminal history, and fingerprints of all
18 officers, directors, and key employees, and the names,
19 addresses, and number of shares held by all stockholders
20 of record.

21 (2) The rights and privileges acquired by the holders
22 of different classes of authorized securities, including
23 debentures.

24 (3) The terms on which securities are to be offered.

25 (4) The terms and conditions on all outstanding loans,
26 mortgages, trust deeds, pledges, or any other
27 indebtedness or security device.

28 (5) The extent of the equity security holdings in the
29 corporation of all officers, directors, and underwriters,
30 and their remuneration as compensation for services, in
31 the form of salary, wages, fees, or otherwise.

32 (6) The amount of remuneration to persons other than
33 directors and officers in excess of fifty thousand dollars
34 (\$50,000) per annum.

35 (7) Bonus and profit-sharing arrangements.

36 (8) Management and service contracts.

37 (9) Options existing, or to be created, in respect of
38 their securities or other interests.

39 (10) Financial statements for at least three fiscal years
40 preceding the year of registration, or, if the corporation

1 has not been in existence for a period of three years,
2 financial statements from the date of its formation. All
3 financial statements shall be prepared in accordance with
4 generally accepted accounting principles and audited by
5 a licensee of the State Board of Accountancy.

6 (11) Any further financial data that the division, with
7 the approval of the board, may deem necessary or
8 appropriate for the protection of the state.

9 (12) An annual profit-and-loss statement and an
10 annual balance sheet, and a copy of its annual federal
11 income tax return, within 30 calendar days after that
12 return is filed with the Internal Revenue Service.

13 19871. (a) No corporation is eligible to receive a
14 license to own a gambling enterprise unless the conduct
15 of controlled gambling is among the purposes stated in its
16 articles of incorporation and the articles of incorporation
17 have been submitted to and approved by the division.

18 (b) Beginning July 1, 1998, the Secretary of State shall
19 not accept for filing any articles of incorporation of any
20 corporation that include as a stated purpose the conduct
21 of controlled gambling, or any amendment thereto, or
22 any amendment that adds this purpose to articles of
23 incorporation already filed, unless the articles have, or
24 amendment has, been approved by the division.

25 (c) This section shall remain in effect only until the
26 occurrence of the events specified in subdivisions (a) and
27 (b) of Section 66 of the act that added this chapter, and
28 as of that date is repealed, unless a later enacted statute,
29 which is enacted before the occurrence of the events
30 specified in subdivisions (a) and (b) of Section 66 of the
31 act that added this chapter, deletes or extends that date.

32 19872. (a) If at any time the division denies a license
33 to an individual owner of any security issued by a
34 corporation that applies for or holds an owner license, the
35 owner of the security shall immediately offer the security
36 to the issuing corporation for purchase. The corporation
37 shall purchase the security so offered, for cash in an
38 amount not greater than fair market value, within 30
39 calendar days after the date of the offer.



(b) Beginning upon the date when the division serves notice of the denial upon the corporation, it is unlawful for the denied security owner to do any of the following:

(1) Receive any dividend or interest upon any security described in subdivision (a).

(2) Exercise, directly or through any trustee or nominee, any voting right conferred by any security described in subdivision (a).

(3) Receive any remuneration in any form from the corporation for services rendered or for any other purpose.

(c) Every security issued by a corporate owner licensee shall bear a statement, on both sides of the certificate evidencing the security, of the restrictions imposed by this section.

(d) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19873. (a) To the extent required by this chapter, officers and directors, shareholders, lenders, holders of evidence of indebtedness, underwriters, agents, or employees of a corporate owner licensee shall be licensed individually. The corporation shall require these persons to apply for a gambling license, and shall notify the division of every change of corporate officers, directors, or key employees within 10 business days after the change. An officer, director, or key employee who is required to apply for a license shall apply for the license within 30 calendar days after he or she becomes an officer, director, or key employee.

(b) The corporation shall immediately remove any officer or director required to apply for a license from any office or directorship if any of the following apply to that officer or director:

(1) He or she fails to apply for the license within 30 calendar days after becoming an officer or director.

1 (2) He or she is denied a license.

2 (3) His or her license is revoked.

3 (c) If the license of any officer or director is
4 suspended, the corporation, immediately and for the
5 duration of the suspension, shall suspend that officer or
6 director.

7 (d) If any shareholder who is required to apply for a
8 gambling license fails to apply for the license within the
9 time required, the shareholder shall be deemed to have
10 been denied a license for purposes of subdivision (b) of
11 Section 19872.

12 (e) If any person, other than an officer, director, or
13 shareholder, who is required to apply for a gambling
14 license fails to do so, the failure may be deemed to be a
15 failure of the corporate owner licensee to require the
16 application.

17
18 Article 6. Licensing of Limited Partnerships
19

20 19880. In addition to the requirements of Section
21 19841, in order to be eligible to receive a gambling license
22 to own a gambling enterprise, a limited partnership shall
23 comply with all of the following requirements:

24 (a) Be formed under the laws of this state.

25 (b) Maintain an office of the limited partnership in the
26 gambling establishment.

27 (c) Comply with all of the requirements of the laws of
28 this state pertaining to limited partnerships.

29 (d) Maintain a ledger in the principal office of the
30 limited partnership in California that shall meet both of
31 the following conditions:

32 (1) At all times reflects the ownership of all interests
33 in the limited partnership.

34 (2) Be available for inspection by the division at all
35 reasonable times without notice.

36 (e) Register with the division and supply the following
37 supplemental information to the division:

38 (1) The organization, financial structure, and nature
39 of the business to be operated, including the names,
40 personal history, and fingerprints of all general partners

1 and key employees, and the name, address, and interest
2 of each limited partner.

3 (2) The rights, privileges, and relative priorities of
4 limited partners as to the return of contributions to
5 capital, and the right to receive income.

6 (3) The terms on which limited partnership interests
7 are to be offered.

8 (4) The terms and conditions on all outstanding loans,
9 mortgages, trust deeds, pledges, or any other
10 indebtedness or security device.

11 (5) The extent of the holding in the limited
12 partnership of all underwriters, and their remuneration
13 as compensation for services, in the form of salary, wages,
14 fees, or otherwise.

15 (6) The remuneration to persons other than general
16 partners in excess of fifty thousand dollars (\$50,000) per
17 annum.

18 (7) Bonus and profit-sharing arrangements.

19 (8) Management and service contracts.

20 (9) Options existing or to be created.

21 (10) Financial statements for at least three fiscal years
22 preceding the year of registration, or, if the limited
23 partnership has not been in existence for a period of three
24 years, financial statements from the date of its formation.
25 All financial statements shall be prepared in accordance
26 with generally accepted accounting principles and
27 audited by a licensee of the State Board of Accountancy
28 in accordance with generally accepted auditing
29 standards.

30 (11) Any further financial data that the division
31 reasonably deems necessary or appropriate for the
32 protection of the state.

33 (12) An annual profit and loss statement and an annual
34 balance sheet, and a copy of its annual federal income tax
35 return, within 30 calendar days after the return is filed
36 with the Internal Revenue Service.

37 19881. No limited partnership is eligible to receive a
38 license to own a gambling enterprise unless the conduct
39 of gambling is among the purposes stated in the
40 certificate of limited partnership.

1 19882. (a) The purported sale, assignment, transfer,
2 pledge, or other disposition of any interest in a limited
3 partnership that holds a gambling license, or the grant of
4 an option to purchase the interest, is void unless approved
5 in advance by the division.

6 (b) If at any time the division denies a license to an
7 individual owner of any interest described in subdivision
8 (a), the division shall immediately notify the partnership
9 of that fact. The limited partnership, within 30 calendar
10 days from the date it receives the notice from the division,
11 shall return to the denied owner of the interest, in cash,
12 the amount of his or her capital account as reflected on
13 the books of the partnership.

14 (c) Beginning upon the date when the division serves
15 a notice of denial upon the limited partnership, it is
16 unlawful for the denied owner of the interest to do any
17 of the following:

18 (1) Receive any share of the revenue or interest upon
19 the limited partnership interest.

20 (2) Exercise, directly or through any trustee or
21 nominee, any voting right conferred by that interest.

22 (3) Receive any remuneration in any form from the
23 limited partnership, for services rendered or for any
24 other purpose.

25 (d) Every certificate of limited partnership of any
26 limited partnership holding a gambling license shall
27 contain a statement of the restrictions imposed by this
28 section.

29 (e) This section shall remain in effect only until the
30 occurrence of the events specified in subdivisions (a) and
31 (b) of Section 66 of the act that added this chapter, and
32 as of that date is repealed, unless a later enacted statute,
33 which is enacted before the occurrence of the events
34 specified in subdivisions (a) and (b) of Section 66 of the
35 act that added this chapter, deletes or extends that date.

36 19883. (a) To the extent required by this chapter,
37 general partners, limited partners, lenders, holders of
38 evidence of indebtedness, underwriters, agents, or
39 employees of a limited partnership that holds or applies
40 for a license to own a gambling enterprise shall be

1 licensed individually. The limited partnership shall
2 require these persons to apply for and obtain a gambling
3 license. A person who is required to be licensed by this
4 section as a general or limited partner shall not hold that
5 position until he or she secures the required approval of
6 the division. A person who is required to be licensed
7 pursuant to a decision of the division shall apply for a
8 license within 30 days after the division requests him or
9 her to do so.

10 (b) This section shall remain in effect only until the
11 occurrence of the events specified in subdivisions (a) and
12 (b) of Section 66 of the act that added this chapter, and
13 as of that date is repealed, unless a later enacted statute,
14 which is enacted before the occurrence of the events
15 specified in subdivisions (a) and (b) of Section 66 of the
16 act that added this chapter, deletes or extends that date.

17
18 Article 8. Restrictions on Certain Transactions
19

20 19900. (a) Except as may be provided by regulation
21 of the division, the following security interests shall not be
22 enforced without the prior approval of the division and
23 compliance with regulations adopted pursuant to
24 subdivision (b):

25 (1) In a security issued by a corporation that is a holder
26 of a gambling license in this state, other than the security
27 of a publicly traded racing association where a creditor
28 acquires control of the security by forfeiture.

29 (2) In a security issued by a holding company that is
30 not a publicly traded corporation.

31 (3) In a security issued by a partnership that is a holder
32 of a gambling license in this state.

33 (b) The division shall adopt regulations establishing
34 the procedure for the enforcement of a security interest.
35 Any remedy provided by the regulations for the
36 enforcement of the security interest is in addition to any
37 other remedy provided by law.

38 19901. It is unlawful for any person to sell, purchase,
39 lease, hypothecate, borrow or loan money, or create a
40 voting trust agreement or any other agreement of any

1 sort to, or with, any licensee in connection with any
2 controlled gambling operation licensed under this
3 chapter or with respect to any portion of the gambling
4 operation, except in accordance with the regulations of
5 the division.

6 19902. When any person contracts to sell or lease any
7 property or interest in property, real or personal, under
8 circumstances that require the approval or licensing of
9 the purchaser or lessee by the division pursuant to
10 subdivision (a) of Section 19842, the contract shall not
11 specify a closing date for the transaction that is earlier
12 than the expiration of 90 calendar days after the
13 submission of the completed application for approval for
14 licensing. Any provision of a contract that specifies an
15 earlier closing date is void for all purposes, but the
16 invalidity does not affect the validity of any other
17 provision of the contract.

18 19903. When any person contracts to sell or lease any
19 property or interest in property, real or personal, under
20 circumstances that require the approval or licensing of
21 the purchaser or lessee by the division pursuant to
22 subdivision (a) of Section 19842, the contract shall contain
23 a provision satisfactory to the division regarding
24 responsibility for the payment of any fees due pursuant
25 to any subsequent deficiency determinations made under
26 this chapter that shall encompass any period of time
27 before the closing date of the transaction.

28 19904. The purported sale, assignment, transfer,
29 pledge, or other disposition of any security issued by a
30 corporation that holds a gambling license, or the grant of
31 an option to purchase that security, is void unless
32 approved in advance by the division.

33 19905. Every owner licensee that is involved in a
34 transaction for the extension or redemption of credit by
35 the licensee, or for the payment, receipt, or transfer of
36 coin, currency, or other monetary instruments, as
37 specified by the division, in an amount, denomination, or
38 amount and denomination, or under circumstances
39 prescribed by regulations, and any other participant in
40 the transaction, as specified by the division, shall, if

1 required by regulation, make and retain a record of, or
2 file with the division a report on, the transaction, at the
3 time and in the manner prescribed by regulations.

4 19906. This article shall remain in effect only until the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this chapter, and
7 as of that date is repealed, unless a later enacted statute,
8 which is enacted before the occurrence of the events
9 specified in subdivisions (a) and (b) of Section 66 of the
10 act that added this chapter, deletes or extends that date.

11
12 Article 9. Work Permits
13

14 19910. The Legislature finds that to protect and
15 promote the health, safety, good order, and general
16 welfare of the inhabitants of this state, and to carry out the
17 policy declared by this chapter, it is necessary that the
18 division ascertain and keep itself informed of the identity,
19 prior activities, and present location of all gambling
20 enterprise employees and independent agents in the
21 State of California, and when appropriate to do so,
22 approve persons for employment in gambling
23 establishments as provided in this article.

24 19910.4. No person under the age of 21 years shall be
25 eligible for a work permit and no permit shall be issued
26 to a person under the age of 21 years.

27 19910.5. (a) (1) A person shall not be employed as a
28 gambling enterprise employee, or serve as an
29 independent agent, except as provided in paragraph (2),
30 unless he or she is the holder of one of the following:

31 (A) A valid work permit issued in accordance with the
32 applicable ordinance or regulations of the city, county, or
33 city and county in which his or her duties are performed.

34 (B) A work permit issued by the division.

35 (2) An independent agent is not required to hold a
36 work permit if he or she is not a resident of this state and
37 has registered with the division in accordance with
38 regulations.

39 (b) A work permit shall not be issued by any city,
40 county, or city and county to any person who would be

1 disqualified from holding a state gambling license for the
2 reasons stated in paragraphs (3) to (6), inclusive, of
3 subdivision (a) of Section 19850.

4 (c) The division may object to the issuance of a work
5 permit by a city, county, or city and county for any cause
6 deemed reasonable by the division, and if the division
7 objects to issuance of a work permit, the work permit shall
8 be denied.

9 (1) The division shall adopt regulations specifying
10 particular grounds for objection to issuance of, or refusal
11 to issue, a work permit.

12 (2) The ordinance of any city, county, or city and
13 county relating to issuance of work permits shall permit
14 the division to object to the issuance of any permit.

15 (3) Any person whose application for a work permit
16 has been denied because of an objection by the division
17 may apply to the division for an evidentiary hearing in
18 accordance with regulations.

19 (d) Application for a work permit for use in any
20 jurisdiction where a locally issued work permit is not
21 required by the licensing authority of a city, county, or
22 city and county shall be made to the division, and may be
23 granted or denied for any cause deemed reasonable by
24 the division. If the division denies the application, it shall
25 include in its notice of denial a statement of facts upon
26 which it relied in denying the application.

27 (e) An order of the division denying an application for
28 a work permit, including an order declining to issue a
29 work permit following review pursuant to paragraph (3)
30 of subdivision (c), is subject to the procedures described
31 in Sections 19858, 19858.5, and 19858.7.

32 (f) This section shall remain in effect only until the
33 occurrence of the events specified in subdivisions (a) and
34 (b) of Section 66 of the act that added this chapter, and
35 as of that date is repealed, unless a later enacted statute,
36 which is enacted before the occurrence of the events
37 specified in subdivisions (a) and (b) of Section 66 of the
38 act that added this chapter, deletes or extends that date.

39 19911. (a) The division may issue an order summarily
40 suspending a person's work permit, whether issued by a

1 city, county, or city and county, or by the division, upon
2 a finding that the suspension is necessary for the
3 immediate preservation of the public peace, health,
4 safety, or general welfare. The order is effective when
5 served upon the holder of the permit.

6 (b) The order of summary suspension shall state facts
7 upon which the finding of necessity for the suspension is
8 based. For the purposes of this section, the order of
9 summary suspension shall be deemed an accusation.

10 (c) An order of summary suspension shall be signed by
11 the Attorney General or by the Chief Deputy Attorney
12 General.

13 (d) The person whose work permit is summarily
14 suspended has a right to a hearing to commence not more
15 than 30 calendar days from the date of service of the
16 suspension.

17 (e) This section shall remain in effect only until the
18 occurrence of the events specified in subdivisions (a) and
19 (b) of Section 66 of the act that added this chapter, and
20 as of that date is repealed, unless a later enacted statute,
21 which is enacted before the occurrence of the events
22 specified in subdivisions (a) and (b) of Section 66 of the
23 act that added this chapter, deletes or extends that date.

24 19912. (a) The board may revoke a work permit or,
25 if issued by the licensing authority of a city, county, or city
26 and county, notify the authority to revoke it, and the
27 licensing authority shall revoke it, if the board finds, after
28 a hearing, that a gambling enterprise employee or
29 independent agent has failed to disclose, misstated, or
30 otherwise misled the division with respect to any fact
31 contained in any application for a work permit, or if the
32 board finds that the employee or independent agent,
33 subsequent to being issued a work permit, has done any
34 of the following:

35 (1) Committed, attempted, or conspired to do any acts
36 prohibited by this chapter.

37 (2) Engaged in any dishonest, fraudulent, or unfairly
38 deceptive activities in connection with controlled
39 gambling, or knowingly possessed or permitted to remain

1 in or upon any premises any cards, dice, mechanical
2 devices, or any other cheating device.

3 (3) Concealed or refused to disclose any material fact
4 in any investigation by the division.

5 (4) Committed, attempted, or conspired to commit,
6 any embezzlement or larceny against a gambling licensee
7 or upon the premises of a gambling establishment.

8 (5) Been convicted in any jurisdiction of any offense
9 involving or relating to gambling.

10 (6) Accepted employment without prior division
11 approval in a position for which he or she could be
12 required to be licensed under this chapter after having
13 been denied a license or after failing to apply for licensing
14 when requested to do so by the division.

15 (7) Been refused the issuance of any license, permit, or
16 approval to engage in or be involved with gambling or
17 parimutuel wagering in any jurisdiction, or had the
18 license, permit, or approval revoked or suspended.

19 (8) Been prohibited under color of governmental
20 authority from being present upon the premises of any
21 licensed gambling establishment or any establishment
22 where parimutuel wagering is conducted, for any reason
23 relating to improper gambling activities or any illegal act.

24 (9) Been convicted of any felony.

25 (b) The board shall revoke a work permit if it finds,
26 after hearing, that the holder thereof would be
27 disqualified from holding a state gambling license for the
28 reasons specified in paragraph (5) or (6) of subdivision
29 (a) of Section 19850.

30 (c) Nothing in this section shall be construed to limit
31 any powers of the division with respect to licensing.

32 (d) This section shall remain in effect only until the
33 occurrence of the events specified in subdivisions (a) and
34 (b) of Section 66 of the act that added this chapter, and
35 as of that date is repealed, unless a later enacted statute,
36 which is enacted before the occurrence of the events
37 specified in subdivisions (a) and (b) of Section 66 of the
38 act that added this chapter, deletes or extends that date.

39 19913. (a) The fee for an initial work permit issued by
40 the division shall be not less than twenty-five dollars (\$25)

1 or more than two hundred fifty dollars (\$250). The fee for
2 renewal of a work permit shall be no more than
3 twenty-five dollars (\$25).

4 (b) This section shall remain in effect only until the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this chapter, and
7 as of that date is repealed, unless a later enacted statute,
8 which is enacted before the occurrence of the events
9 specified in subdivisions (a) and (b) of Section 66 of the
10 act that added this chapter, deletes or extends that date.

11
12 Article 9.1. Conditions of Operation
13

14 19915. (a) It is the policy of the State of California to
15 require that all establishments wherein controlled
16 gambling is conducted in this state be operated in a
17 manner suitable to protect the public health, safety, and
18 general welfare of the residents of the state. The
19 responsibility for the employment and maintenance of
20 suitable methods of operation rests with the owner
21 licensee, and willful or persistent use or toleration of
22 methods of operation deemed unsuitable by the division
23 or by local government shall constitute grounds for
24 license revocation or other disciplinary action.

25 (b) This section shall remain in effect only until the
26 occurrence of the events specified in subdivisions (a) and
27 (b) of Section 66 of the act that added this chapter, and
28 as of that date is repealed, unless a later enacted statute,
29 which is enacted before the occurrence of the events
30 specified in subdivisions (a) and (b) of Section 66 of the
31 act that added this chapter, deletes or extends that date.

32 19915.5. No person under the age of 21 years shall be
33 permitted to enter upon the premises of a licensed
34 gambling establishment, or any part thereof, except the
35 following:

36 (a) An area, physically separated from any gambling
37 area, for the exclusive purpose of dining. For purposes of
38 this subdivision, any place wherein food or beverages are
39 dispensed primarily by vending machines shall not
40 constitute a place for dining.

1 (b) Restrooms.

2 (c) A supervised room, as defined by regulation, that
3 is physically separated from any gambling area and used
4 primarily for the purpose of entertainment or recreation.

5 Any area of a gambling establishment to which a person
6 under the age of 21 years may have access under this
7 subdivision shall have an entrance that shall not require
8 the entrants to enter upon or pass through the gambling
9 floor. All persons under the age of 21 years shall be
10 restricted to the entrance specified in this subdivision.

11 (d) Effective January 1, 1999, no license shall be
12 renewed with respect to a gambling establishment that
13 is operated as of the effective date of this chapter unless
14 the establishment has complied with this section.

15 19916. No owner licensee shall operate a gambling
16 enterprise in violation of any provision of this chapter or
17 any regulation adopted pursuant to this chapter.

18 19917. No owner licensee shall operate a gambling
19 enterprise in violation of any governing local ordinance.

20 19918. (a) Each owner licensee shall maintain
21 security controls over the gambling premises and all
22 operations therein related to gambling, and those
23 security controls are subject to the approval of the
24 division.

25 (b) This section shall remain in effect only until the
26 occurrence of the events specified in subdivisions (a) and
27 (b) of Section 66 of the act that added this chapter, and
28 as of that date is repealed, unless a later enacted statute,
29 which is enacted before the occurrence of the events
30 specified in subdivisions (a) and (b) of Section 66 of the
31 act that added this chapter, deletes or extends that date.

32 Article 9.5. Disciplinary Actions

33
34 19920. (a) The division shall make appropriate
35 investigations as follows:

36 (1) Determine whether there has been any violation
37 of this chapter or any regulations adopted thereunder.

38 (2) Determine any facts, conditions, practices, or
39 matters that it may deem necessary or proper to aid in the
40

1 enforcement of this chapter or any regulation adopted
2 thereunder.

3 (3) Aid in adopting regulations.

4 (4) Secure information as a basis for recommending
5 legislation relating to this chapter.

6 (b) If, after any investigation, the division is satisfied
7 that a license, permit, finding of suitability, or approval
8 should be suspended or revoked, it shall file an accusation
9 with the board in accordance with Chapter 5
10 (commencing with Section 11500) of Part 1 of Division 3
11 of Title 2 of the Government Code.

12 (c) This section shall remain in effect only until the
13 occurrence of the events specified in subdivisions (a) and
14 (b) of Section 66 of the act that added this chapter, and
15 as of that date is repealed, unless a later enacted statute,
16 which is enacted before the occurrence of the events
17 specified in subdivisions (a) and (b) of Section 66 of the
18 act that added this chapter, deletes or extends that date.

19 19921. (a) The division may issue any emergency
20 orders against an owner licensee or any person involved
21 in a transaction requiring prior approval that the division
22 deems reasonably necessary for the immediate
23 preservation of the public peace, health, safety, or
24 general welfare.

25 (b) The emergency order shall set forth the grounds
26 upon which it is based, including a statement of facts
27 constituting the alleged emergency necessitating the
28 action.

29 (c) The emergency order is effective immediately
30 upon issuance and service upon the owner licensee or any
31 agent of the licensee registered with the division for
32 receipt of service, or, in cases involving prior approval,
33 upon issuance and service upon the person or entity
34 involved, or upon an agent of that person or entity
35 authorized to accept service of process in this state. The
36 emergency order may suspend, limit, condition, or take
37 other action in relation to the license of one or more
38 persons in an operation without affecting other individual
39 licensees, registrants, or the licensed gambling
40 establishment. The emergency order shall remain in

1 effect until further order of the division or final
2 disposition of any proceeding conducted pursuant to
3 subdivision (d).

4 (d) Within two calendar days after issuance of an
5 emergency order, the division shall file an accusation
6 with the board against the person or entity involved.
7 Thereafter, the person or entity against whom the
8 emergency order has been issued and served is entitled
9 to a hearing that, if so requested, shall commence within
10 10 business days of the date of the request if a gambling
11 operation is closed by the order, and in all other cases,
12 within 30 calendar days of the date of the request. On
13 application of the division, and for good cause shown, a
14 court may extend the time within which a hearing is
15 required to be commenced, upon those terms and
16 conditions that the court deems equitable.

17 (e) This section shall remain in effect only until the
18 occurrence of the events specified in subdivisions (a) and
19 (b) of Section 66 of the act that added this chapter, and
20 as of that date is repealed, unless a later enacted statute,
21 which is enacted before the occurrence of the events
22 specified in subdivisions (a) and (b) of Section 66 of the
23 act that added this chapter, deletes or extends that date.

24 19922. (a) Any person aggrieved by a final decision
25 or order of the board that limits, conditions, suspends, or
26 revokes any previously granted license or approval, made
27 after hearing by the board, may petition the Superior
28 Court for the County of Sacramento for judicial review
29 pursuant to Section 1094.5 of the Code of Civil Procedure
30 and Section 11523 of the Government Code.
31 Notwithstanding any other provision of law, the standard
32 set forth in paragraph (1) of subdivision (h) of Section
33 1094.5 of the Code of Civil Procedure shall apply for
34 obtaining a stay of the operation of a board order. In every
35 case where it is claimed that the findings are not
36 supported by the evidence, abuse of discretion is
37 established if the court determines that the findings are
38 not supported by substantial evidence in light of the
39 whole record.

(b) The court may summarily deny the petition, or the court may issue an alternative writ directing the board to certify the whole record of the division in the case to the court within a time specified. No new or additional evidence shall be introduced in the court, but, if an alternative writ issues, the cause shall be heard on the whole record of the division as certified by the board.

(c) In determining the cause following issuance of an alternative writ, the court may not modify an order of the board, but shall enter judgment either affirming or reversing the decision of the division, or the court may remand the case for further proceedings before, or reconsideration by, the board. Nothing herein precludes modification of an order of the board with the board's consent.

(d) This section provides the exclusive means to review adjudicatory decisions of the board.

Article 10. Penalties

19930. Any person included on the list of persons to be excluded or ejected from a gambling establishment pursuant to this chapter is guilty of a misdemeanor if he or she thereafter knowingly enters the premises of a licensed gambling establishment.

19932. (a) A person under the age of 21 years shall not do any of the following:

(1) Play, be allowed to play, place wagers at, or collect winnings from, whether personally or through an agent, any gambling game.

(2) Loiter, or be permitted to loiter, in or about any room wherein any gambling game is operated or conducted.

(3) Be employed as an employee in a licensed gambling establishment except in a parking lot, coffee shop, restaurant, business office, or other similar room, as determined by regulations, wherein no gambling activity or activity directly associated with gambling takes place.

(4) Present or offer to any licensee, or to an agent of a licensee, any written, printed, or photostatic evidence

1 of age and identity that is false, fraudulent, or not actually
2 his or her own for the purpose of doing any of the things
3 described in paragraphs (1) to (3), inclusive.

4 (b) Any licensee or employee in a gambling
5 establishment who violates or permits the violation of this
6 section, and any person under 21 years of age who violates
7 this section, is guilty of a misdemeanor.

8 (c) Proof that a licensee, or agent or employee of a
9 licensee, demanded, was shown, and acted in reliance
10 upon bona fide evidence of majority and identity shall be
11 a defense to any criminal prosecution under this section
12 or to any proceeding for the suspension or revocation of
13 any license or work permit based thereon. For the
14 purposes of this section, “bona fide evidence of majority
15 and identity” means a document issued by a federal, state,
16 county, or municipal government, or subdivision or
17 agency thereof, including, but not limited to, a motor
18 vehicle operator’s license or an identification card issued
19 to a member of the armed forces, that contains the name,
20 date of birth, description, and picture of the person.

21 19933. (a) Any person who willfully fails to report,
22 pay, or truthfully account for and pay over any license fee
23 imposed by this chapter, or willfully attempts in any
24 manner to evade or defeat the license fee or payment
25 thereof, shall be punished by imprisonment in a county
26 jail, or by a fine of not more than five thousand dollars
27 (\$5,000), or by both that imprisonment and fine.

28 (b) Any person who willfully violates any of the
29 provisions of this chapter for which a penalty is not
30 expressly provided, is guilty of a misdemeanor.

31 19933.5. (a) Except as specified in subdivision (c),
32 this section applies to any person or business that is
33 engaged in controlled gambling, whether or not licensed
34 to do so.

35 (b) Any person or business described in subdivision
36 (a), with actual knowledge of the requirements of
37 regulations adopted by the division pursuant to
38 subdivision (d) of Section 19834, that knowingly and
39 willfully fails to comply with the requirements of those
40 regulations shall be liable for a monetary penalty. The

1 board may impose a monetary penalty for each violation.
2 However, in the first proceeding that is initiated pursuant
3 to this subdivision, the penalties for all violations shall not
4 exceed a total sum of ten thousand dollars (\$10,000). If a
5 penalty was imposed in a prior proceeding before the
6 board, the penalties for all violations shall not exceed a
7 total sum of twenty-five thousand dollars (\$25,000). If a
8 penalty was imposed in two or more prior proceedings
9 before the board, the penalties for all violations shall not
10 exceed a total sum of one hundred thousand dollars
11 (\$100,000).

12 (c) This section does not apply to any case where the
13 person is criminally prosecuted in federal or state court
14 for conduct related to a violation of Section 14162 of the
15 Penal Code.

16 (d) This section shall remain in effect only until the
17 occurrence of the events specified in subdivisions (a) and
18 (b) of Section 66 of the act that added this chapter, and
19 as of that date is repealed, unless a later enacted statute,
20 which is enacted before the occurrence of the events
21 specified in subdivisions (a) and (b) of Section 66 of the
22 act that added this chapter, deletes or extends that date.

23 19934. Any person who willfully resists, prevents,
24 impedes, or interferes with the division or the board or
25 any of their agents or employees in the performance of
26 duties pursuant to this chapter is guilty of a misdemeanor,
27 punishable by imprisonment in a county jail for not more
28 than six months, or by a fine not exceeding one thousand
29 dollars (\$1,000), or by both that imprisonment and fine.

30 31 Article 11. Revenues 32

33 19940. (a) All fines and penalties collected pursuant
34 to this chapter shall be deposited in a special account in
35 the General Fund, and, upon appropriation, may be
36 expended by the Department of Justice to offset costs
37 incurred pursuant to this chapter.

38 (b) Except as otherwise provided in subdivision (a),
39 all fees and revenue collected pursuant to this chapter
40 shall be deposited in the Gambling Control Fund, which

1 is hereby created in the State Treasury. Notwithstanding
2 Section 13340 of the Government Code, five million four
3 hundred thousand dollars (\$5,400,000) of the funds
4 deposited in the Gambling Control Fund shall be
5 available, upon appropriation by the Legislature, to the
6 Department of Justice each fiscal year, commencing with
7 the 1998–99 fiscal year, for expenditure by the division
8 and board exclusively for the support of the division and
9 board in carrying out their duties and responsibilities
10 under this chapter.

11 19941. (a) Every application for a license or approval
12 shall be accompanied by a nonrefundable fee of five
13 hundred dollars (\$500).

14 (b) All fees for issuance or renewal of a state gambling
15 license or key employee license shall be assessed against
16 the gambling license issued to the owner of the gambling
17 enterprise. Except as provided in subdivision (c), the
18 annual fee for the issuance and renewal of that gambling
19 license shall be determined by the division pursuant to
20 the following schedule:

21 (1) For a license authorizing one to five tables,
22 inclusive, at which games are played, two hundred fifty
23 dollars (\$250) for each table.

24 (2) For a license authorizing six to eight tables,
25 inclusive, at which games are played, four hundred fifty
26 dollars (\$450) for each table.

27 (3) For a license authorizing 9 to 14 tables, inclusive,
28 at which games are played, one thousand fifty dollars
29 (\$1,050) for each table.

30 (4) For a license authorizing 15 to 25 tables, inclusive,
31 at which games are played, two thousand one hundred
32 fifty dollars (\$2,150) for each table.

33 (5) For a license authorizing 26 to 70 tables, inclusive,
34 at which games are played, three thousand two hundred
35 dollars (\$3,200) for each table.

36 (6) For a license authorizing 71 or more tables at
37 which games are played, three thousand seven hundred
38 dollars (\$3,700) for each table.

39 (c) Without regard to the number of tables at which
40 games may be played pursuant to a gambling license, if,

1 at the time of any license renewal, it is determined that
2 the gross revenues of an owner licensee during the
3 licensee's previous fiscal year fell within the following
4 ranges, the annual fee for renewal of the license shall be
5 as follows:

6 (1) For a gross revenue of two hundred thousand
7 dollars (\$200,000) to four hundred ninety-nine thousand
8 nine hundred ninety-nine dollars (\$499,999), inclusive,
9 the amount specified by the division pursuant to
10 paragraph (2) of subdivision (b).

11 (2) For a gross revenue of five hundred thousand
12 dollars (\$500,000) to one million nine hundred
13 ninety-nine thousand nine hundred ninety-nine dollars
14 (\$1,999,999), inclusive, the amount specified by the
15 division pursuant to paragraph (3) of subdivision (b).

16 (3) For a gross revenue of two million dollars
17 (\$2,000,000) to nine million nine hundred ninety-nine
18 thousand nine hundred ninety-nine dollars (\$9,999,999),
19 inclusive, the amount specified by the division pursuant
20 to paragraph (4) of subdivision (b).

21 (4) For a gross revenue of ten million dollars
22 (\$10,000,000) or more, the amount specified by the
23 division pursuant to paragraph (5) of subdivision (b).

24 (d) Notwithstanding subdivision (c), the fee for
25 renewal of a gambling license shall not be less than the
26 amount specified in subdivision (b).

27 (e) (1) No later than July 1, 2000, the Attorney
28 General shall review the fee schedule set forth in this
29 section and make a recommendation to the Legislature
30 concerning the reduction or increase in the fee amounts,
31 if any.

32 (2) If, at the end of any fiscal year prior to July 1, 2000,
33 the division determines that the total of all issuance and
34 renewal fees collected during that fiscal year exceeded
35 the amount appropriated by the Legislature pursuant to
36 subdivision (b) of Section 19940, the excess shall be
37 refunded to all owner licensees within 180 calendar days
38 after the close of the fiscal year, by way of a pro rata
39 distribution.

(f) The division may provide for payment of the annual gambling license fee on an annual or more frequent basis.

(g) For the purposes of this section, each table at which a game is played constitutes a single game table.

(h) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19942. (a) The division, by regulation, shall establish fees for special licenses authorizing irregular operation of tables in excess of the total number of tables otherwise authorized to a licensed gambling establishment, for tournaments and other special events.

(b) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this chapter, deletes or extends that date.

19944. Nothing contained in this chapter shall be deemed to restrict or limit the power of any city, county, or city and county to fix, impose, and collect a license tax.

Article 12. Local Governments

19950. This chapter shall not prohibit the enactment, amendment, or enforcement of any ordinance by any city, county, or city and county relating to licensed gambling establishments that is not inconsistent with this chapter. On and after the effective date of this chapter, no city, county, or city and county shall issue a gambling license with respect to any gambling establishment unless one of the following is true:

(a) The gambling establishment is located in a city, county, or city and county wherein, after January 1, 1984,

1 an ordinance was adopted by the electors of the city,
2 county, or city and county, in an election conducted
3 pursuant to former Section 19819 of the Business and
4 Professions Code, as that section read immediately before
5 its repeal by the act that enacted this chapter.

6 (b) The gambling establishment is located in a city,
7 county, or city and county wherein, prior to January 1,
8 1984, there was in effect an ordinance that expressly
9 authorized the operation of one or more cardrooms.

10 (c) After the effective date of this chapter, a majority
11 of the electors voting thereon affirmatively approve a
12 measure permitting controlled gambling within that city,
13 county, or city and county.

14 (1) The measure to permit controlled gambling shall
15 appear on the ballot in substantially the following form:
16 “Shall licensed gambling establishments in which any
17 controlled games permitted by law, such as draw poker,
18 low-ball poker, panguine (pan), seven-card stud, or other
19 lawful card games or tile games, are played, be allowed
20 in ____? Yes ____ No ____.”

21 (2) In addition, the initial implementing ordinances
22 shall be drafted and appear in full on the sample ballot
23 and shall set forth at least all of the following:

24 (A) The hours of operation.

25 (B) The games to be played.

26 (C) The wagering limits.

27 (D) The maximum number of gambling
28 establishments permitted by the ordinance.

29 (E) The maximum number of tables permitted in each
30 gambling establishment.

31 19950.1. (a) On or after the effective date of this
32 chapter, any amendment to any ordinance that would
33 result in an expansion of gambling in the city, county, or
34 city and county, shall not be valid unless the amendment
35 is submitted for approval to the voters of the city, county,
36 or city and county, and is approved by a majority of the
37 electors voting thereon. An ordinance may be amended
38 without the approval of the electors one time on or after
39 the effective date of this chapter to expand gambling by
40 a change that results in an increase of less than 25 percent

1 with respect to any of the matters set forth in paragraphs
2 (1), (2), (3), (5), and (6) of subdivision (b). Thereafter,
3 any additional expansion shall be approved by a majority
4 of the electors voting thereon. *This subdivision does not*
5 *apply to a licensed gambling establishment with five or*
6 *fewer tables.*

7 (b) For the purposes of this section, “expansion of
8 gambling” means, when compared to that authorized on
9 January 1, 1996, or under an ordinance adopted pursuant
10 to subdivision (a) of Section 19851, whichever is the lesser
11 number, a change that results in any of the following:

12 (1) An increase of 25 percent or more in the number
13 of gambling tables in the city, county, or city and county.

14 (2) An increase of 25 percent or more in the number
15 of licensed card rooms in the city, county, or city and
16 county.

17 (3) An increase of 25 percent or more in the number
18 of gambling tables that may be operated in a gambling
19 establishment in the city, county, or city and county.

20 (4) The authorization of any additional form of
21 gambling, other than card games, that may be legally
22 played in this state, to be played at a gambling
23 establishment in the city, county, or city and county.

24 (5) An increase of 25 percent or more in the hours of
25 operation of a gambling establishment in the city, county,
26 or city and county.

27 (6) An increase of 25 percent or more in the maximum
28 amount permitted to be wagered in a game.

29 (c) The measure to expand gambling shall appear on
30 the ballot in substantially the following form: “Shall
31 gambling be expanded in ____ beyond that operated
32 or authorized on January 1, 1996, by ____ (describe
33 expansion)? Yes ____ No ____.”

34 19950.2. (a) On and after the effective date of this
35 chapter, neither the governing body nor the electors of
36 a county, city, or city and county that has not authorized
37 legal gaming within its boundaries prior to January 1,
38 1996, shall authorize legal gaming.

39 (b) No ordinance in effect on January 1, 1996, that
40 authorizes legal gaming within a city, county, or city and

1 county may be amended to expand gaming in that
2 jurisdiction beyond that permitted on January 1, 1996.

3 (c) This section shall remain in effect only until
4 January 1, 2001, and as of that date is repealed.

5 19951. No city, county, or city and county may grant,
6 or permit to continue in effect, a license to deal, operate,
7 carry on, conduct, maintain, or expose for play any
8 controlled game to any applicant or holder of a local
9 license unless the applicant or local licensee is an owner
10 licensee as defined in this chapter. However, the issuance
11 of a state gambling license to a person imposes no
12 requirements upon the city, county, or city and county to
13 issue a license to the person.

14
15 Article 13. Miscellaneous Provisions

16
17 19956. If any clause, sentence, paragraph, or part of
18 this chapter, for any reason, is adjudged by a court of
19 competent jurisdiction to be invalid, that judgment shall
20 not affect, impair, or invalidate the remainder of this
21 chapter and the application thereof to other persons or
22 circumstances, but shall be confined to the operation of
23 the clause, sentence, paragraph, or part thereof directly
24 involved in the controversy in which the judgment was
25 rendered and to the person or circumstances involved.

26 19957. This act is an exercise of the police power of the
27 state for the protection of the health, safety, and welfare
28 of the people of the State of California, and shall be
29 liberally construed to effectuate those purposes.

30 19958. For the purposes of Section 3482 of the Civil
31 Code, the issuance of a state gambling license shall not be
32 construed to authorize any conduct or activity other than
33 the conduct of controlled gambling.

34
35 Article 14. Additional Restrictions Related to Fair
36 Elections and Corruption of Regulators

37
38 19959. (a) The Legislature finds and declares that
39 there is a compelling governmental interest in ensuring
40 that elections conducted pursuant to Section 19950 are

1 conducted fairly and that electors in those elections are
2 presented with fair and balanced arguments in support of
3 and in opposition to the existence of gambling
4 establishments. Large contributions by gambling
5 operators or prospective gambling operators who will be
6 financially interested in the outcome of the election often
7 unfairly distort the context in which those elections take
8 place.

9 (b) In California, in other states, and in other
10 countries, there is ample historical evidence of the
11 potential for revenues derived from gambling to be used
12 to corrupt political officials in the regulation or
13 prosecution of crimes related to gambling activities,
14 embezzlement, and money laundering.

15 (c) This article is an exercise of the police power of the
16 state for the protection of the health, safety, and welfare
17 of the people of this state.

18 19959.5. (a) A member of the board, the executive
19 secretary of the board, the director of the division, and
20 any employee designated by regulation of the division for
21 purposes of this section, shall not, for a period of three
22 years after leaving office or terminating employment, for
23 compensation, act as agent or attorney for, or otherwise
24 represent, any other person by making any formal or
25 informal appearance, or by making any oral or written
26 communication, before the board or the division, or any
27 officer or employee thereof, if the appearance or
28 communication is for the purpose of influencing
29 administrative action, or influencing any action or
30 proceeding involving the issuance, amendment,
31 awarding, or revocation of a permit, license, or approval.

32 (b) A member of the board shall not solicit or accept
33 campaign contributions from any person, including any
34 applicant or licensee.

35 (c) This section shall remain in effect only until the
36 occurrence of the events specified in subdivisions (a) and
37 (b) of Section 66 of the act that added this chapter, and
38 as of that date is repealed, unless a later enacted statute,
39 which is enacted before the occurrence of the events



1 specified in subdivisions (a) and (b) of Section 66 of the
2 act that added this chapter, deletes or extends that date.

3 19960.2. (a) The division shall, by regulation, provide
4 for the denial, suspension, or revocation of an application
5 or license for the knowing and willful violation of any law
6 or ordinance committed after January 1, 1998, and within
7 three years prior to the submission of the license or
8 renewal application, or any time thereafter, with respect
9 to campaign finance disclosure or contribution
10 limitations applicable to an election that is conducted
11 pursuant to Section 19950.

12 (1) The remedies specified herein are in addition to
13 any other remedy or penalty provided by law.

14 (2) Any final determination by the Fair Political
15 Practices Commission that the applicant did not violate
16 any provision of state law within its jurisdiction shall be
17 binding on the division.

18 (3) Any final determination by a city or county
19 governmental body having ultimate jurisdiction over the
20 matter that the applicant did not violate an ordinance
21 with respect to campaign finance disclosure or
22 contribution limitations applicable to an election
23 conducted pursuant to Section 19950 shall be binding on
24 the division.

25 (b) Every applicant for a gambling license, or any
26 renewal thereof, shall file with the division, at the time
27 the license application or renewal is filed, the following
28 information:

29 (1) Any statement or other document required to be
30 filed with the Fair Political Practices Commission relative
31 to an election that is conducted pursuant to Section 19950,
32 or former Section 19819, as that section read immediately
33 prior to its repeal by the act that enacted this chapter,
34 within three years of the date on which the application is
35 submitted.

36 (2) Any statement or other document required to be
37 filed with any local jurisdiction respecting campaign
38 finance disclosure or contribution limitations applicable
39 to an election that is conducted pursuant to Section 19950,
40 or former Section 19819, as that section read immediately

1 prior to its repeal by the act that enacted this chapter,
2 within three years of the date on which the application is
3 submitted.

4 (3) A report of any contribution of money or thing of
5 value, in excess of one hundred dollars (\$100), made to
6 any committee, as defined by Section 82013 of the
7 Government Code, associated with any election that is
8 conducted pursuant to Section 19950, or former Section
9 19819, as that section read immediately prior to its repeal
10 by the act that enacted this chapter, within three years of
11 the date on which the application is submitted.

12 (4) A report of any other significant involvement by
13 the applicant or licensee in an election that is conducted
14 pursuant to Section 19950, or former Section 19819, as that
15 section read immediately prior to its repeal by the act that
16 enacted this chapter, within three years of the date on
17 which the application is submitted.

18 (c) The division shall adopt regulations to implement
19 this section.

20 (d) This section shall remain in effect only until the
21 occurrence of the events specified in subdivisions (a) and
22 (b) of Section 66 of the act that added this chapter, and
23 as of that date is repealed, unless a later enacted statute,
24 which is enacted before the occurrence of the events
25 specified in subdivisions (a) and (b) of Section 66 of the
26 act that added this chapter, deletes or extends that date.

27 19960.4. It is the intent of the Legislature that if any
28 provision of this article is adjudged by a court to be invalid
29 because of any conflict or inconsistency with the Political
30 Reform Act of 1974 (Title 9 (commencing with Section
31 81000) of the Government Code), as amended, that
32 judgment shall not affect, impair, or invalidate any other
33 provision of this chapter and the application thereof to
34 other persons or circumstances, but shall be confined to
35 the operation of the clause, sentence, paragraph, or part
36 thereof directly involved in the controversy in which the
37 judgment was rendered and to the person or
38 circumstances involved.

39 SEC. 4. Section 19810 is added to the Business and
40 Professions Code, to read:



1 19810. (a) There is in state government the
2 California Gambling Control Commission, consisting of
3 five members appointed by the Governor, subject to
4 confirmation by the Senate. On the effective date of this
5 section, the California Gambling Control Commission
6 shall succeed to all of the powers of the California
7 Gambling Control Board, which is hereby abolished.
8 Wherever in this chapter reference is made to the board,
9 it shall be construed to mean the commission.

10 (b) Jurisdiction, ~~operation, — concentration~~ *including*
11 *jurisdiction over operation and concentration*, and
12 supervision over gambling establishments in this state
13 and over all persons or things having to do with the
14 operations of gambling establishments is vested in the
15 commission.

16 (c) This section shall become operative on the
17 occurrence of the events specified in subdivisions (a) and
18 (b) of Section 66 of the act that added this section to the
19 Business and Professions Code.

20 SEC. 5. Section 19811 is added to the Business and
21 Professions Code, to read:

22 19811. (a) Each member of the commission shall be
23 a citizen of the United States and a resident of this state.

24 (b) No Member of the Legislature, no person holding
25 any elective office in state, county, or local government,
26 and no officer or official of any political party is eligible
27 for appointment to the commission.

28 (c) No more than three of the five members of the
29 commission shall be members of the same political party.

30 (d) A person is ineligible for appointment to the
31 commission if, within two years prior to appointment, the
32 person, or any partnership or corporation in which the
33 person is a principal, was employed by, retained by, or
34 derived substantial income from, any gambling
35 establishment. For the purposes of this subdivision,
36 “gambling establishment” means one or more rooms
37 wherein any gaming within the meaning of Chapter 10
38 (commencing with Section 330) of Title 9 of Part 1 of the
39 Penal Code, or any controlled game within the meaning

1 of Section 337j of the Penal Code, is conducted, whether
2 or not the activity occurred in California.

3 (e) One member of the commission shall be a certified
4 public accountant with auditing experience, one member
5 shall be an attorney and a member of the State Bar of
6 California with regulatory law experience, one member
7 shall have a background in law enforcement and criminal
8 investigation, one member shall have a background in
9 business with at least five years of business experience,
10 and one member shall be from the public at large.

11 (f) This section shall become operative on the
12 occurrence of the events specified in subdivisions (a) and
13 (b) of Section 66 of the act that added this section to the
14 Business and Professions Code.

15 SEC. 6. Section 19812 is added to the Business and
16 Professions Code, to read:

17 19812. (a) Of the members initially appointed, two
18 shall be appointed for a term of two years, two shall be
19 appointed for a term of three years, and one shall be
20 appointed for a term of four years. After the initial terms,
21 the term of office of each member of the board is four
22 years.

23 (b) The Governor shall appoint the members of the
24 commission, subject to confirmation by the Senate, and
25 shall designate one member to serve as chairperson. The
26 initial appointments shall be made within three months
27 of the operative date of this section. Thereafter, vacancies
28 shall be filled within 60 days of the date of the vacancy by
29 the Governor, subject to confirmation by the Senate.

30 (c) The Governor may remove any member of the
31 commission for incompetence, neglect of duty, or
32 corruption upon first giving him or her a copy of the
33 charges and an opportunity to be heard.

34 (d) This section shall become operative on the
35 occurrence of the events specified in subdivisions (a) and
36 (b) of Section 66 of the act that added this section to the
37 Business and Professions Code.

38 SEC. 7. Section 19813 is added to the Business and
39 Professions Code, to read:



1 19813. (a) During their terms of office, the members
2 of the commission shall not engage in any other business,
3 vocation, or employment.

4 (b) Before entering upon the duties of his or her office,
5 the director and each member of the commission shall
6 subscribe to the constitutional oath of office and, in
7 addition, swear that he or she is not, and during his or her
8 term of office shall not be, pecuniarily interested in, or
9 doing business with, any person, business, or organization
10 holding a gambling license.

11 (c) This section shall become operative on the
12 occurrence of the events specified in subdivisions (a) and
13 (b) of Section 66 of the act that added this section to the
14 Business and Professions Code.

15 SEC. 8. Section 19814 is added to the Business and
16 Professions Code, to read:

17 19814. (a) The director and the members of the
18 commission shall receive the salary provided for by
19 Section 11553.5 of the Government Code.

20 (b) This section shall become operative on the
21 occurrence of the events specified in subdivisions (a) and
22 (b) of Section 66 of the act that added this section to the
23 Business and Professions Code.

24 SEC. 9. Section 19815.5 is added to the Business and
25 Professions Code, to read:

26 19815.5. (a) The commission shall establish and
27 appoint a Gaming Policy Advisory Committee of 10
28 members. The committee shall be composed of
29 representatives of controlled gambling licensees and
30 members of the general public in equal numbers. The
31 executive secretary shall, from time to time, convene the
32 committee for the exclusive purpose of discussing matters
33 of controlled gambling regulatory policy. The
34 recommendations concerning gambling policy made by
35 the committee shall be presented to the commission, but
36 shall be deemed advisory and not binding on the
37 commission in the performance of its duties or functions.

38 (b) This section shall become operative on the
39 occurrence of the events specified in subdivisions (a) and

1 (b) of Section 66 of the act that added this section to the
2 Business and Professions Code.

3 SEC. 10. Section 19815.8 is added to the Business and
4 Professions Code, to read:

5 19815.8. (a) The commission shall investigate the
6 following matters:

7 (1) The consequences, benefits, and disadvantages of
8 imposing a state tax on revenue generated by licensed
9 gambling establishments.

10 (2) Regulation of advertising for the purpose of
11 limiting exposure of children to materials promoting
12 gambling.

13 (b) The commission shall report its findings to the
14 Legislature and the Governor no later than January 1,
15 2000.

16 (c) This section shall become operative on the
17 occurrence of the events specified in subdivisions (a) and
18 (b) of Section 66 of the act that added this section to the
19 Business and Professions Code.

20 SEC. 11. Section 19817 is added to the Business and
21 Professions Code, to read:

22 19817. (a) The commission shall establish and
23 maintain a general office for the transaction of its business
24 in Sacramento. The commission may hold meetings at
25 any place within the state when the interests of the public
26 may be better served.

27 (b) A public record of every vote shall be maintained
28 at the commission's general office.

29 (c) A majority of the membership of the commission
30 is a quorum of the commission. The concurring vote of
31 three members of the commission shall be required for
32 any official action of the commission or for the exercise of
33 any of the commission's duties, powers, or functions.

34 (d) Except as otherwise provided in this chapter,
35 Article 9 (commencing with Section 11120) of Chapter 1
36 of Part 1 of Division 3 of Title 2 of the Government Code
37 applies to meetings of the commission. Notwithstanding
38 Section 11125.1 of the Government Code, documents,
39 which are filed with the commission by the division for
40 the purpose of evaluating the qualifications of an

1 applicant, are exempt from disclosure under Chapter 3.5
2 (commencing with Section 6250) of Division 7 of Title 1
3 of the Government Code.

4 (e) This section shall become operative on the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this section to the
7 Business and Professions Code.

8 SEC. 12. Section 19820 is added to the Business and
9 Professions Code, to read:

10 19820. (a) The commission shall cause to be made
11 and kept a record of all proceedings at regular and special
12 meetings of the commission. These records shall be open
13 to public inspection.

14 (b) The commission shall maintain a file of all
15 applications for licenses under this chapter, together with
16 a record of all actions taken with respect to those
17 applications. The file and record shall be open to public
18 inspection.

19 (c) The division and commission may maintain any
20 other files and records as they deem appropriate. Except
21 as provided in this chapter, the records of the division and
22 commission are exempt from disclosure from Chapter 3.5
23 (commencing with Section 6250) of Division 7 of Title 1
24 of the Government Code.

25 (d) Except as necessary for the administration of this
26 chapter, no commissioner and no official, employee, or
27 agent of the commission or the division, having obtained
28 access to confidential records or information in the
29 performance of duties pursuant to this chapter, shall
30 knowingly disclose or furnish the records or information,
31 or any part thereof, to any person who is not authorized
32 by law to receive it. A violation of this subdivision is a
33 misdemeanor.

34 (e) Notwithstanding subdivision (k) of Section 1798.24
35 of the Civil Code, a court shall not compel disclosure of
36 personal information in the possession of the division or
37 the commission to any person in any civil proceeding
38 wherein the division or the commission is not a party,
39 except for good cause and upon a showing that the
40 information cannot otherwise be obtained. Nothing

1 herein shall be construed to authorize the disclosure of
2 personal information that would otherwise be exempt
3 from disclosure.

4 (f) This section shall become operative on the
5 occurrence of the events specified in subdivisions (a) and
6 (b) of Section 66 of the act that added this section to the
7 Business and Professions Code.

8 SEC. 13. Section 19821 is added to the Business and
9 Professions Code, to read:

10 19821. (a) All files, records, reports, and other
11 information in possession of any state or local
12 governmental agency that are relevant to an
13 investigation by the division conducted pursuant to this
14 chapter shall be made available to the division as
15 requested. However, any tax information received from
16 a governmental agency shall be used solely for
17 effectuating the purposes of this chapter. To the extent
18 that the files, records, reports, or information described
19 in this section are confidential or otherwise privileged
20 from disclosure under any law or exercise of discretion,
21 they shall not lose that confidential or privileged status for
22 having been disclosed to the division.

23 (b) All files, records, reports, and other information
24 pertaining to gambling matters in the possession of the
25 division shall be open at all times to inspection by the
26 members of the commission.

27 (c) This section shall become operative on the
28 occurrence of the events specified in subdivisions (a) and
29 (b) of Section 66 of the act that added this section to the
30 Business and Professions Code.

31 SEC. 14. Section 19822 is added to the Business and
32 Professions Code, to read:

33 19822. (a) The responsibilities of the commission
34 include, without limitation, all of the following:

35 (1) Assuring that licenses, approvals, and permits are
36 not issued to, or held by, unqualified or disqualified
37 persons, or by persons whose operations are conducted in
38 a manner that is inimical to the public health, safety, or
39 welfare.

(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(b) For the purposes of this section, “unqualified person” means a person who is found to be unqualified pursuant to the criteria set forth in Section 19848, and “disqualified person” means a person who is found to be disqualified pursuant to the criteria set forth in Section 19850.

(c) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 15. Section 19823 is added to the Business and Professions Code, to read:

19823. (a) The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

(1) Require any person to apply for a license or approval as specified in this chapter.

(2) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter, limit, condition, or restrict any such license, permit, or approval, or impose any fine upon any person licensed or approved.

(3) Approve or disapprove transactions, events, and processes as provided in this chapter.

(4) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.

(5) Take actions deemed to be reasonable to ensure that gambling activities take place only in suitable locations.

1 (6) Grant temporary licenses or approvals on
2 appropriate terms and conditions.

3 (7) Institute a civil action in any superior court against
4 any person subject to this chapter to restrain a violation
5 of this chapter. An action brought against a person
6 pursuant to this section does not preclude a criminal
7 action or administrative proceeding against that person
8 by the Attorney General or any district attorney or city
9 attorney.

10 (b) This section shall become operative on the
11 occurrence of the events specified in subdivisions (a) and
12 (b) of Section 66 of the act that added this section to the
13 Business and Professions Code.

14 SEC. 16. Section 19824 is added to the Business and
15 Professions Code, to read:

16 19824. The division shall have all of the following
17 responsibilities:

18 (a) To investigate the qualifications of applicants
19 before any license is issued, and to investigate any request
20 to the commission for any approval or permission that
21 may be required pursuant to this chapter. The division
22 may recommend the denial or the limitation,
23 conditioning, or restriction of any license, approval, or
24 permission.

25 (b) To monitor the conduct of all licensees and other
26 persons having a material involvement, directly or
27 indirectly, with a gambling operation or its holding
28 company, for the purpose of ensuring that licenses are not
29 issued or held by, and that there is no direct or indirect
30 material involvement with, a gambling operation or
31 holding company by ineligible, unqualified, disqualified,
32 or unsuitable persons, or persons whose operations are
33 conducted in a manner that is inimical to the public
34 health, safety, or welfare.

35 (c) To investigate suspected violations of this chapter
36 or laws of this state relating to gambling, including any
37 activity prohibited by Chapter 9 (commencing with
38 Section 319) or Chapter 10 (commencing with Section
39 330) of Title 9 of Part 1 of the Penal Code.



(d) To investigate complaints that are lodged against licensees, or other persons associated with a gambling operation, by members of the public.

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the division may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

(f) To adopt regulations reasonably related to its functions and duties as specified in this chapter.

(g) Evaluate the advisability of continuing the prohibition set forth in Section 19848.5. If the division finds that the public interest justifies changes to Section 19848.5, the division shall adopt regulations to modify those requirements and to allow persons prohibited by Section 19848.5 to hold a state gambling license. The division may adopt a reasonable period of phasing in any changes.

(h) Approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played.

(i) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 17. Article 3 (commencing with Section 19830) is added to Chapter 5 of Division 8 of the Business and Professions Code, to read:

Article 3. Regulations

19830. (a) The commission may adopt regulations for the administration and enforcement of this chapter. To the extent appropriate, regulations of the commission and the division shall take into consideration the operational differences of large and small establishments.

(b) Except as expressly provided in this chapter, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not

1 apply to any regulation adopted pursuant to this article.
2 Failure to comply with this article shall not affect the
3 validity of any regulation adopted by the commission or
4 the division, or any amendment or repeal of the
5 regulation, if there has been substantial compliance with
6 this article.

7 19831. (a) In emergencies, the commission or the
8 division may summarily adopt, amend, or repeal any
9 regulation, if, at the time, the commission or the director
10 makes a finding that the action is necessary for the
11 immediate preservation of the public peace, health,
12 safety, morals, good order, or general welfare, together
13 with a statement of the facts constituting the emergency.

14 (b) Regulations adopted by the commission or the
15 division within three months after the operative date of
16 this section, for the purpose of implementing this
17 chapter, shall be deemed to be emergency regulations
18 and shall take effect immediately upon adoption.

19 (1) No regulation that is deemed to be an emergency
20 regulation solely by operation of this subdivision shall be
21 valid for more than one year, unless the regulation has
22 been subsequently adopted by the commission or the
23 division, following a public hearing, in accordance with
24 this article.

25 (2) Nothing in paragraph (1) shall be construed to
26 limit the power of the commission or the division to adopt
27 emergency regulations pursuant to subdivision (a).

28 (c) Notwithstanding any provision of law, any
29 regulation adopted by the division prior to the operative
30 date of this section is deemed to be a regulation of the
31 commission on the operative date of this section.

32 19832. Regulations, except emergency regulations,
33 adopted by the commission or the division pursuant to
34 this article, including orders of repeal, shall be effective
35 upon the filing of a certified copy thereof with the
36 Secretary of State.

37 19833. Except as provided in Section 19831, the
38 commission and the division shall adopt, amend, and
39 repeal regulations in accordance with the following
40 procedures:

(a) At least 45 calendar days prior to the close of the public comment period on the adoption, amendment, or repeal of a regulation, notice of the proposed action shall be mailed to every person who has filed a request for notice of regulatory actions with the commission, and may be mailed to any person or group of persons who the commission or the division believes to be interested in the proposed action. The notice of proposed adoption, amendment, or repeal of a regulation shall include all of the following:

(1) A statement of the time, place, and nature of the proceedings for adoption, amendment, or repeal of a regulation.

(2) A reference to the particular code sections or provisions of law that are being implemented, interpreted, or made specific.

(3) An informative digest containing a concise and clear summary of existing laws and regulations, if any, related directly to the proposed action and the effect of the proposed action.

(4) The name and telephone number of the employee or officer to whom inquiries concerning the proposed administrative action may be directed.

(5) The date by which comments submitted in writing must be received to present statements, arguments, or contentions in writing, relating to the proposed action, in order for them to be considered by the commission or the division before it adopts, amends, or repeals a regulation.

(6) A statement indicating that the full text of the proposed regulation is available from the employee or officer designated in paragraph (4).

(b) When a public hearing is held, statements, arguments, or contentions, either oral or in writing, or both, shall be permitted. If a public hearing is not scheduled, the commission or the division, consistent with paragraph (5) of subdivision (a), shall afford any interested person or his or her duly authorized representative, the opportunity to present statements, arguments, or contentions in writing. The commission or the division shall consider and respond to the comments

1 of the controlled gambling industry, and all other
2 relevant matter presented to it before adopting,
3 amending, or repealing any regulation, including
4 emergency regulations. In any hearing held under this
5 subdivision, the commission or the division or the
6 authorized representative of either, may administer
7 oaths or affirmations. The commission or the division may
8 continue or postpone a hearing from time to time, to the
9 time and place it determines. However, if a hearing is
10 continued or postponed, the commission or the division
11 shall provide notice to the public advising when the
12 hearing will be resumed or rescheduled.

13 (c) A public hearing shall be held if, no later than 15
14 calendar days prior to the close of the written comment
15 period, a written request for a public hearing is filed with
16 the commission or the division. Notwithstanding the
17 foregoing, no public hearing shall be required if,
18 following submission of the written request, the
19 commission or the division determines that the proposed
20 regulation is of a technical or nonsubstantive nature and
21 that submission of written comments is sufficient.

22 (d) Any interested person may file a written petition
23 with the commission or the division requesting the
24 adoption, amendment, or repeal of a regulation. The
25 petition shall state, clearly and concisely, all of the
26 following:

27 (1) The substance or nature of the regulation,
28 amendment, or repeal requested.

29 (2) The reasons for the request.

30 (3) Reference to the authority of the commission or
31 the division to take the action requested.

32 (e) Upon receipt of a petition described in subdivision
33 (d), the commission or the division, within 30 days, shall
34 deny the request in writing or schedule the matter for
35 action in accordance with subdivision (a).

36 19834. The regulations adopted by the commission
37 shall do all of the following:

38 (a) With respect to applications, registrations,
39 investigations, and fees, the regulations shall include, but
40 not be limited to, provisions that do all of the following:



1 (1) Prescribe the method and form of application and
2 registration.

3 (2) Prescribe the information to be furnished by any
4 applicant, licensee, or registrant concerning, as
5 appropriate, the person's personal history, habits,
6 character, associates, criminal record, business activities,
7 organizational structure, and financial affairs, past or
8 present.

9 (3) Prescribe the information to be furnished by an
10 owner licensee relating to the licensee's gambling
11 employees.

12 (4) Require fingerprinting or other methods of
13 identification of an applicant, licensee, or employee of a
14 licensee.

15 (5) Prescribe the manner and method of collection
16 and payment of fees and issuance of licenses.

17 (b) Provide for the approval of game rules and
18 equipment by the division to ensure fairness to the public
19 and compliance with state laws.

20 (c) Implement the provisions of this chapter relating
21 to licensing.

22 (d) Require owner licensees to report and keep
23 records of transactions, as determined by the division,
24 involving cash or credit. The regulations may include,
25 without limitation, regulations requiring owner licensees
26 to file with the division reports similar to those required
27 by Sections 5313 and 5314 of Title 31 of the United States
28 Code, and by Sections 103.22 and 103.23 of Title 31 of the
29 Code of Federal Regulations, and any successor
30 provisions thereto, from financial institutions, as defined
31 in Section 5312 of Title 31 of the United States Code and
32 Section 103.11 of Title 31 of the Code of Federal
33 Regulations, and any successor provisions.

34 (e) Provide for the receipt of protests and written
35 comments on an application by public agencies, public
36 officials, local governing bodies, or residents of the
37 location of the gambling establishment or future
38 gambling establishment.

39 (f) Provide for the disapproval of advertising by
40 licensed gambling establishments that is determined by

1 the division to be deceptive to the public. Regulations
2 adopted by the division for advertising by licensed
3 gambling establishments shall be consistent with the
4 advertising regulations adopted by the California Horse
5 Racing Board and the Lottery Commission.
6 Advertisement that appeals to children or adolescents or
7 that offers gambling as a means of becoming wealthy is
8 presumptively deceptive.

9 (g) Govern all of the following:

10 (1) The extension of credit.

11 (2) The cashing, deposit, and redemption of checks or
12 other negotiable instruments.

13 (3) The verification of identification in monetary
14 transactions.

15 (h) Prescribe minimum procedures for adoption by
16 owner licensees to exercise effective control over their
17 internal fiscal and gambling affairs, which shall include,
18 but not be limited to, provisions for all of the following:

19 (1) The safeguarding of assets and revenues, including
20 the recording of cash and evidences of indebtedness.

21 (2) Prescribing the manner in which compensation
22 from games and gross revenue shall be computed and
23 reported by an owner licensee.

24 (3) The provision of reliable records, accounts, and
25 reports of transactions, operations, and events, including
26 reports to the division.

27 (i) Provide for the adoption and use of internal audits,
28 whether by qualified internal auditors or by certified
29 public accountants. As used in this subdivision, “internal
30 audit” means a type of control that operates through the
31 testing and evaluation of other controls and that is also
32 directed toward observing proper compliance with the
33 minimum standards of control prescribed in subdivision
34 (h).

35 (j) Require periodic financial reports from each owner
36 licensee.

37 (k) Specify standard forms for reporting financial
38 conditions, results of operations, and other relevant
39 financial information.

1 (l) Formulate a uniform code of accounts and
2 accounting classifications to ensure consistency,
3 comparability, and effective disclosure of financial
4 information.

5 (m) Prescribe intervals at which the information in
6 subdivisions (j) and (k) shall be furnished to the division.

7 (n) Require audits to be conducted, in accordance
8 with generally accepted auditing standards, of the
9 financial statements of all owner licensees whose annual
10 gross revenues equal or exceed a specified sum. However,
11 nothing herein shall be construed to limit the division's
12 authority to require audits of any owner licensee. Audits,
13 compilations, and reviews provided for in this subdivision
14 shall be made by independent certified public
15 accountants licensed to practice in this state.

16 (o) Restrict, limit, or otherwise regulate any activity
17 that is related to the conduct of controlled gambling,
18 consistent with the purposes of this chapter.

19 (p) Define and limit the area, games, hours of
20 operation, number of tables, wagering limits, and
21 equipment permitted, or the method of operation of
22 games and equipment, if the division determines that
23 local regulation of these subjects is insufficient to protect
24 the health, safety, or welfare of residents in geographical
25 areas proximate to a gambling establishment.

26 (q) Prohibit gambling establishments from cashing
27 checks drawn against any federal, state, or county fund,
28 including, but not limited to, social security,
29 unemployment insurance, disability payments, or public
30 assistance payments. However, a gambling establishment
31 shall not be prohibited from cashing any payroll checks
32 or checks for the delivery of goods or services that are
33 drawn against a federal, state, or county fund.

34 (r) Provide for standards, specifications, and
35 procedures governing the manufacture, distribution,
36 including the sale and leasing, inspection, testing,
37 location, operation, repair, and storage of gambling
38 equipment, and for the licensing of persons engaged in
39 the business of manufacturing, distributing, including the

1 sale and leasing, inspection, testing, repair, and storage of
2 gambling equipment.

3 19834.5. (a) The commission shall not prohibit, on a
4 statewide basis, the play of any game or restrict the
5 manner in which any game is played, unless the
6 commission, in a proceeding pursuant to Article 3
7 (commencing with Section 19830), finds that the game,
8 or the manner in which the game is played, violates a law
9 of the United States, a law of this state, or a local
10 ordinance.

11 (b) Nothing in this section shall be construed to limit
12 the powers of the commission in a proceeding against a
13 licensee pursuant to Article 9.5 (commencing with
14 Section 19920).

15 19834.6. The commission shall not prohibit, on a
16 statewide basis, the placing of a wager on a controlled
17 game by a person at a gaming table, if the person is
18 present at the table and actively participating in the hand
19 with a single-seated player upon whose hand the wagers
20 are placed.

21 19835. (a) The commission shall, by regulation,
22 provide for the formulation of a list of persons who are to
23 be excluded or ejected from any gambling establishment.
24 The list may include any person whose presence in the
25 establishment is determined by the commission to pose
26 a threat to the interests of this state or to controlled
27 gambling, or both.

28 (b) In making the determination described in
29 subdivision (a), the commission may consider, but is not
30 limited to considering, any of the following:

31 (1) Prior conviction of a crime that is a felony in this
32 state or under the laws of the United States, a crime
33 involving moral turpitude, or a violation of the gambling
34 laws of this or any other state.

35 (2) The violation of, or conspiracy to violate, the
36 provisions of this chapter relating to the failure to disclose
37 an interest in a gambling establishment for which the
38 person is required to obtain a license, or the willful
39 evasion of fees.

1 (3) A notorious or unsavory reputation that would
2 adversely affect public confidence and trust that the
3 gambling industry is free from criminal or corruptive
4 elements.

5 (4) An order of exclusion or ejection from a racing
6 inclosure issued by the California Horse Racing Board.

7 (c) The commission shall distribute the list of persons
8 who are to be excluded or ejected from any gambling
9 establishment to all owner licensees and shall provide
10 notice to any persons included on the list.

11 (d) The commission shall adopt regulations
12 establishing procedures for hearing of petitions by
13 persons who are ejected or excluded from licensed
14 premises pursuant to this section or pursuant to Section
15 19835.5.

16 (e) The commission may revoke, limit, condition, or
17 suspend the license of an owner, or fine an owner
18 licensee, if that licensee knowingly fails to exclude or
19 eject from the gambling establishment of that licensee
20 any person included on the list of persons to be excluded
21 or ejected.

22 19835.5. (a) A licensee may remove from his or her
23 licensed premises any person who, while on the premises:

24 (1) Is a disorderly person, as defined by Section 647 of
25 the Penal Code.

26 (2) Interferes with a lawful gambling operation.

27 (3) Solicits or engages in any act of prostitution.

28 (4) Beggars, is boisterous, or is otherwise offensive to
29 other persons.

30 (5) Commits any public offense.

31 (6) Is intoxicated.

32 (7) Is a person who the commission, by regulation, has
33 determined should be excluded from licensed gambling
34 establishments in the public interest.

35 (b) Nothing in this section shall be deemed, expressly
36 or impliedly, to preclude a licensee from exercising the
37 right to deny access to or to remove any person from its
38 premises or property for any reason the licensee deems
39 appropriate.

1 19836. This article shall become operative on the
2 occurrence of the events specified in subdivisions (a) and
3 (b) of Section 66 of the act that added this article to the
4 Business and Professions Code.

5 SEC. 18. Section 19841 is added to the Business and
6 Professions Code, to read:

7 19841. (a) An owner of a gambling enterprise that is
8 not a natural person shall not be eligible for a state
9 gambling license unless each of the following persons
10 individually applies for and obtains a state gambling
11 license:

12 (1) If the owner is a corporation, then each officer,
13 director, and shareholder, other than a holding or
14 intermediary company, of the owner. The foregoing does
15 not apply to an owner that is either a publicly traded
16 racing association or a qualified racing association.

17 (2) If the owner is a publicly traded racing association,
18 then each officer, director, and owner, other than an
19 institutional investor, of five percent or more of the
20 outstanding shares of the publicly traded corporation.

21 (3) If the owner is a qualified racing association, then
22 each officer, director, and shareholder, other than an
23 institutional investor, of the subsidiary corporation and
24 any owner, other than an institutional investor, of five
25 percent or more of the outstanding shares of the publicly
26 traded corporation.

27 (4) If the owner is a partnership, then every general
28 and limited partner of, and every trustee or person, other
29 than a holding or intermediary company, having or
30 acquiring a direct or beneficial interest in, that
31 partnership owner.

32 (5) If the owner is a trust, then the trustee, every
33 beneficiary, and, in the discretion of the commission, the
34 trustor of the trust.

35 (6) If the owner is a business organization other than
36 a corporation, partnership, or trust, then all those persons
37 as the commission may require, consistent with this
38 chapter.

(7) Each person, other than a landlord, who receives, or is to receive, any percentage share of the revenue earned by the owner from gambling activities.

(8) Every employee, agent, guardian, personal representative, lender, or holder of indebtedness of the owner who, in the judgment of the commission, has the power to exercise a significant influence over the gambling operation.

(b) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 19. Section 19842 is added to the Business and Professions Code, to read:

19842. (a) The commission, by regulation or order, may require that the following persons register with the commission, apply for a finding of suitability, or apply for a gambling license:

(1) Any person who furnishes any services or any property to a gambling enterprise under any arrangement whereby that person receives payments based on earnings, profits, or receipts from controlled gambling.

(2) Any person who owns an interest in the premises of a licensed gambling establishment or in real property used by a licensed gambling establishment.

(3) Any person who does business on the premises of a licensed gambling establishment.

(4) Any person who is an independent agent of, or does business with, a gambling enterprise as a ticket purveyor, a tour operator, the operator of a bus program, or the operator of any other type of travel program or promotion operated with respect to a licensed gambling establishment.

(5) Any person who provides any goods or services to a gambling enterprise for compensation that the commission finds to be grossly disproportionate to the value of the goods or services provided.

1 (6) Every person who, in the judgment of the
2 commission, has the power to exercise a significant
3 influence over the gambling operation.

4 (b) If a publicly traded corporation is engaged in
5 activities described in paragraphs (2), (3), and (4) of
6 subdivision (a), the division may require the corporation
7 and the following other persons to apply for and obtain a
8 license or finding of suitability:

9 (1) Any officer or director.

10 (2) Any owner, other than an institutional investor, of
11 five percent or more of the outstanding shares of the
12 corporation.

13 (c) This section shall become operative on the
14 occurrence of the events specified in subdivisions (a) and
15 (b) of Section 66 of the act that added this section to the
16 Business and Professions Code.

17 SEC. 20. Section 19846 is added to the Business and
18 Professions Code, to read:

19 19846. (a) Every person who, by statute or
20 regulation, is required to hold a state license shall obtain
21 the license prior to engaging in the activity or occupying
22 the position with respect to which the license is required.
23 Every person who, by order of the commission, is
24 required to apply for a gambling license or a finding of
25 suitability shall file the application within 30 calendar
26 days after receipt of the order.

27 (b) This section shall become operative on the
28 occurrence of the events specified in subdivisions (a) and
29 (b) of Section 66 of the act that added this section to the
30 Business and Professions Code.

31 SEC. 21. Section 19847 is added to the Business and
32 Professions Code, to read:

33 19847. (a) Any person who the commission
34 determines is qualified to receive a state license, having
35 due consideration for the proper protection of the health,
36 safety, and general welfare of the residents of the State of
37 California and the declared policy of this state, may be
38 issued a license. The burden of proving his or her
39 qualifications to receive any license is on the applicant.

1 (b) An application to receive a license constitutes a
2 request for a determination of the applicant's general
3 character, integrity, and ability to participate in, engage
4 in, or be associated with, controlled gambling.

5 (c) In reviewing an application for any license, the
6 commission shall consider whether issuance of the license
7 is inimical to public health, safety, or welfare, and
8 whether issuance of the license will undermine public
9 trust that the gambling operations with respect to which
10 the license would be issued are free from criminal and
11 dishonest elements and would be conducted honestly.

12 (d) This section shall become operative on the
13 occurrence of the events specified in subdivisions (a) and
14 (b) of Section 66 of the act that added this section to the
15 Business and Professions Code.

16 SEC. 22. Section 19848 is added to the Business and
17 Professions Code, to read:

18 19848. No gambling license shall be issued unless,
19 based on all of the information and documents submitted,
20 the commission is satisfied that the applicant is all of the
21 following:

22 (a) A person of good character, honesty, and integrity.

23 (b) A person whose prior activities, criminal record, if
24 any, reputation, habits, and associations do not pose a
25 threat to the public interest of this state, or to the effective
26 regulation and control of controlled gambling, or create
27 or enhance the dangers of unsuitable, unfair, or illegal
28 practices, methods, and activities in the conduct of
29 controlled gambling or in the carrying on of the business
30 and financial arrangements incidental thereto.

31 (c) A person that is in all other respects qualified to be
32 licensed as provided in this chapter.

33 (d) This section shall become operative on the
34 occurrence of the events specified in subdivisions (a) and
35 (b) of Section 66 of the act that added this section to the
36 Business and Professions Code.

37 SEC. 23. Section 19850 is added to the Business and
38 Professions Code, to read:

1 19850. (a) The commission shall deny a license to any
2 applicant who is disqualified for any of the following
3 reasons:

4 (1) Failure of the applicant to clearly establish
5 eligibility and qualification in accordance with this
6 chapter.

7 (2) Failure of the applicant to provide information,
8 documentation, and assurances required by this chapter
9 or requested by the director, or failure of the applicant to
10 reveal any fact material to qualification, or the supplying
11 of information that is untrue or misleading as to a material
12 fact pertaining to the qualification criteria.

13 (3) Conviction of the applicant for any crime
14 punishable as a felony.

15 (4) Conviction of the applicant for any misdemeanor
16 involving dishonesty or moral turpitude within the
17 10-year period immediately preceding the submission of
18 the application, unless the applicant has been granted
19 relief pursuant to Section 1203.4, 1203.4a, or 1203.45 of the
20 Penal Code.

21 (5) Association of the applicant with criminal
22 profiteering activity or organized crime, as defined by
23 Section 186.2 of the Penal Code.

24 (6) Contumacious defiance by the applicant of any
25 legislative investigatory body, or other official
26 investigatory body of any state or of the United States,
27 when that body is engaged in the investigation of crimes
28 relating to gambling; official corruption related to
29 gambling activities; or criminal profiteering activity or
30 organized crime, as defined by Section 186.2 of the Penal
31 Code.

32 (7) The applicant is less than 21 years of age.

33 (b) This section shall become operative on the
34 occurrence of the events specified in subdivisions (a) and
35 (b) of Section 66 of the act that added this section to the
36 Business and Professions Code.

37 SEC. 24. Section 19851 is added to the Business and
38 Professions Code, to read:

39 19851. (a) The commission shall deny a gambling
40 license with respect to any gambling establishment that

1 is located in a city, county, or city and county that does not
2 have an ordinance governing all of the following matters:

3 (1) The hours of operation of gambling
4 establishments.

5 (2) Patron security and safety in and around the
6 gambling establishments.

7 (3) The location of gambling establishments.

8 (4) Wagering limits in gambling establishments.

9 (5) The number of gambling tables in each gambling
10 establishment and in the jurisdiction.

11 (b) This section shall become operative on the
12 occurrence of the events specified in subdivisions (a) and
13 (b) of Section 66 of the act that added this section to the
14 Business and Professions Code.

15 SEC. 25. Section 19852 is added to the Business and
16 Professions Code, to read:

17 19852. (a) In addition to other grounds stated in this
18 chapter, the commission shall deny a gambling license for
19 any of the following reasons:

20 (1) If issuance of the license with respect to the
21 proposed gambling establishment or expansion would
22 tend unduly to create law enforcement problems in a city,
23 county, or city and county other than the city, county, or
24 city and county that has regulatory jurisdiction over the
25 applicant's premises.

26 (2) If issuance of the license with respect to the
27 proposed gambling establishment or expansion would
28 create an undue concentration of gambling
29 establishments in the relevant market area, as
30 determined by the commission, and the applicant fails to
31 show by clear and convincing evidence that public
32 convenience and necessity would be served by issuance
33 of the license.

34 (3) If issuance of the license is sought in respect to a
35 new gambling establishment, or the expansion of an
36 existing gambling establishment, that is to be located or
37 is located near an existing school, an existing building
38 used primarily as a place of worship, an existing
39 playground or other area of juvenile congregation, an
40 existing hospital, convalescence facility, or near another

1 similarly unsuitable area, as determined by regulation of
2 the commission, which is located in a city, county, or city
3 and county other than the city, county, or city and county
4 that has regulatory jurisdiction over the applicant's
5 gambling premises.

6 (b) For the purposes of this section, "expansion"
7 means an increase of 25 percent or more in the number
8 of authorized gambling tables in a gambling
9 establishment, based on the number of gambling tables
10 for which a license was initially issued pursuant to this
11 chapter.

12 (c) This section shall become operative on the
13 occurrence of the events specified in Section 66 of the act
14 that added this section to the Business and Professions
15 Code.

16 SEC. 26. Section 19853 is added to the Business and
17 Professions Code, to read:

18 19853. (a) Application for a state license or other
19 commission action shall be made on forms furnished by
20 the commission.

21 (b) The application for a gambling license shall
22 include all of the following:

23 (1) The name of the proposed licensee.

24 (2) The name and location of the proposed gambling
25 establishment.

26 (3) The gambling games proposed to be conducted.

27 (4) The names of all persons directly or indirectly
28 interested in the business and the nature of the interest.

29 (5) A description of the proposed gambling
30 establishment and operation.

31 (6) Any other information and details the commission
32 may require in order to discharge its duty properly.

33 (c) This section shall become operative on the
34 occurrence of the events specified in subdivisions (a) and
35 (b) of Section 66 of the act that added this section to the
36 Business and Professions Code.

37 SEC. 27. Section 19854 is added to the Business and
38 Professions Code, to read:

39 19854. (a) An applicant for licensing or for any
40 approval or consent required by this chapter, shall make

1 full and true disclosure of all information to the division
2 and the commission as necessary to carry out the policies
3 of this state relating to licensing, registration, and control
4 of gambling.

5 (b) This section shall become operative on the
6 occurrence of the events specified in subdivisions (a) and
7 (b) of Section 66 of the act that added this section to the
8 Business and Professions Code.

9 SEC. 28. Section 19856 is added to the Business and
10 Professions Code, to read:

11 19856. (a) Within a reasonable time after the filing of
12 an application and any supplemental information the
13 division may require, and the deposit of any fee required
14 pursuant to Section 19855, the division shall commence its
15 investigation of the applicant and, for that purpose, may
16 conduct any proceedings it deems necessary. To the
17 extent practicable, all applications shall be acted upon
18 within 180 calendar days of the date of submission of a
19 completed application. If an investigation has not been
20 concluded within 180 days after the date of submission of
21 a completed application, the division shall inform the
22 applicant in writing of the status of the investigation and
23 shall also provide the applicant with an estimated date on
24 which the investigation may reasonably be expected to be
25 concluded.

26 (b) If denial of the application is recommended, the
27 director shall prepare and file with the commission his or
28 her written reasons upon which the recommendation is
29 based.

30 (1) Prior to filing his or her recommendation with the
31 commission, the director shall meet with the applicant, or
32 the applicant's duly authorized representative, and
33 inform him or her generally of the basis for any proposed
34 recommendation that the application be denied,
35 restricted, or conditioned.

36 (2) Not less than 10 business days prior to the meeting
37 of the commission at which the application is to be
38 considered, the division shall deliver to the applicant a
39 summary of the director's final report and
40 recommendation.

1 (3) Nothing herein shall require the division to divulge
2 to the applicant any confidential information received
3 from any law enforcement agency or any information
4 received from any person with assurances that the
5 information would be maintained confidential, and
6 nothing herein shall require the division to divulge any
7 information that might reveal the identity of any
8 informer or jeopardize the safety of any person.

9 (c) A recommendation of denial of an application shall
10 be without prejudice to a new and different application
11 filed in accordance with applicable regulations.

12 (d) This section shall become operative on the
13 occurrence of the events specified in subdivisions (a) and
14 (b) of Section 66 of the act that added this section to the
15 Business and Professions Code.

16 SEC. 29. Section 19857 is added to the Business and
17 Professions Code, to read:

18 19857. (a) A request for withdrawal of any
19 application may be made at any time prior to final action
20 upon the application by the director by the filing of a
21 written request to withdraw with the commission. For
22 the purposes of this section, final action by the division
23 means a final determination by the director regarding his
24 or her recommendation on the application to the
25 commission. The commission shall not grant the request
26 unless the applicant has established that withdrawal of
27 the application would be consistent with the public
28 interest and the policies of this chapter. If a request for
29 withdrawal is denied, the division may go forward with its
30 investigation and make a recommendation to the
31 commission upon the application, and the commission
32 may act upon the application as if no request for
33 withdrawal had been made. If a request for withdrawal
34 is granted with prejudice, the applicant thereafter shall
35 be ineligible to renew its application until the expiration
36 of one year from the date of the withdrawal. Unless the
37 commission otherwise directs, no fee or other payment
38 relating to any application is refundable by reason of
39 withdrawal of an application.



1 (b) This section shall become operative on the
2 occurrence of the events specified in subdivisions (a) and
3 (b) of Section 66 of the act that added this section to the
4 Business and Professions Code.

5 SEC. 30. Section 19858 is added to the Business and
6 Professions Code, to read:

7 19858. (a) The commission, after considering the
8 recommendation of the director and such other
9 testimony and written comments as may be presented at
10 the meeting, or as may have been submitted in writing to
11 the commission prior to the meeting, may either deny the
12 application or grant a license to an applicant who it
13 determines to be qualified to hold the license.

14 (b) When the commission grants an application for a
15 license or approval, the commission may limit or place
16 restrictions thereon as it may deem necessary in the
17 public interest, consistent *with* the policies described in
18 this chapter.

19 (c) When an application is denied, the executive
20 secretary shall prepare and file a detailed statement of
21 the commission's reasons for the denial.

22 (d) All proceedings at a meeting of the commission
23 relating to a license application shall be recorded
24 stenographically or on audiotape.

25 (e) A decision of the commission denying a license or
26 approval, or imposing any condition or restriction on the
27 grant of a license or approval may be reviewed by
28 petition pursuant to Section 1085 of the Code of Civil
29 Procedure. Section 1094.5 of the Code of Civil Procedure
30 shall not apply to any judicial proceeding described in the
31 foregoing sentence, and the court may grant the petition
32 only if the court finds that the action of the commission
33 was arbitrary and capricious, or that the action exceeded
34 the commission's jurisdiction.

35 (f) This section shall become operative on the
36 occurrence of the events specified in subdivisions (a) and
37 (b) of Section 66 of the act that added this section to the
38 Business and Professions Code.

39 SEC. 31. Section 19858.7 is added to the Business and
40 Professions Code, to read:

1 19858.7. (a) No member of the commission may
2 communicate ex parte, directly or indirectly, with any
3 applicant, or any agent, representative, or person acting
4 on behalf of an applicant, upon the merits of an
5 application for a license, permit, registration, or approval
6 while the application is pending disposition before the
7 division or the commission.

8 (b) No applicant, or any agent, representative, or
9 person acting on behalf of an applicant, and no person
10 who has a direct or indirect interest in the outcome of a
11 proceeding to consider an application for a license,
12 permit, registration, or approval may communicate ex
13 parte, directly or indirectly, with any member of the
14 commission, upon the merits of the application while the
15 application is pending disposition before the division.

16 (c) No employee or agent of the division, applicant, or
17 any agent, representative, or person acting on behalf of
18 an applicant, and no person who has a direct or indirect
19 interest in the outcome of a proceeding to consider an
20 application for a license, permit, registration, or approval
21 may communicate ex parte, directly or indirectly, with
22 any member of the commission, upon the merits of the
23 application, while the application is pending disposition
24 before the commission.

25 (d) The receipt by a member of the commission of an
26 ex parte communication prohibited by this section may
27 provide the basis for disqualification of that member or
28 the denial of the application. The commission shall adopt
29 regulations to implement this subdivision.

30 (e) For the purposes of this subdivision, “ex parte”
31 means a communication without notice and opportunity
32 for all parties to participate in the communication.

33 (f) This section shall become operative on the
34 occurrence of the events specified in subdivisions (a) and
35 (b) of Section 66 of the act that added this section to the
36 Business and Professions Code.

37 SEC. 32. Section 19860 is added to the Business and
38 Professions Code, to read:

39 19860. (a) Subject to subdivision (b) of Section
40 19840.5, the commission shall issue and deliver to the

1 applicant a license entitling the applicant to engage in the
2 activity for which the license is issued, together with an
3 enumeration of any specific terms and conditions of the
4 license if both of the following conditions have been met:

5 (1) The commission is satisfied that the applicant is
6 eligible and qualified to receive the license.

7 (2) All license fees required by statute and by
8 regulations of the commission have been paid.

9 (b) This section shall become operative on the
10 occurrence of the events specified in subdivisions (a) and
11 (b) of Section 66 of the act that added this section to the
12 Business and Professions Code.

13 SEC. 33. Section 19862 is added to the Business and
14 Professions Code, to read:

15 19862. (a) Subject to the power of the commission to
16 deny, revoke, suspend, condition, or limit any license, as
17 provided in this chapter, a license shall be renewed
18 annually by the commission from the date of issuance,
19 upon proper application for renewal and payment of
20 state license fees as required by statute or regulation.

21 (b) An application for renewal of a gambling license
22 shall be filed by the owner licensee with the commission
23 no later than 120 calendar days prior to the expiration of
24 the current license, and all license fees shall be paid to the
25 commission on or before the expiration of the current
26 license. The commission shall act upon any application for
27 renewal prior to the date of expiration of the current
28 license. Upon renewal of any owner license, the
29 commission shall issue an appropriate renewal certificate
30 or validating device or sticker.

31 (c) Unless the commission determines otherwise,
32 renewal of an owner's gambling license shall be deemed
33 to effectuate the renewal of every other gambling license
34 endorsed thereon.

35 (d) In addition to the penalties provided by law, any
36 owner licensee who deals, operates, carries on, conducts,
37 maintains, or exposes for play any gambling game after
38 the expiration date of the gambling license is liable to the
39 state for all license fees and penalties that would have
40 been due upon renewal.

(e) If an owner licensee fails to renew the gambling license as provided in this chapter, the commission may order the immediate closure of the premises and a cessation of all gambling activity therein until the license is renewed.

(f) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 34. Section 19863 is added to the Business and Professions Code, to read:

19863. (a) Neither an owner licensee, nor a California affiliate of an owner licensee, shall enter into, without prior approval of the commission, any contract or agreement with a person who is denied a license, or whose license is suspended or revoked by the commission, or with any business enterprise under the control of that person, after the date of receipt of notice of the action by the division.

(b) An owner licensee or an affiliate of the owner licensee shall not employ, without prior approval of the commission, any person in any capacity for which he or she is required to be licensed, if the person has been denied a license, or if his or her license has been suspended or revoked after the date of receipt of notice of the action by the commission. Neither an owner licensee, nor a California affiliate of an owner licensee, without prior approval of the commission, shall enter into any contract or agreement with a person whose application has been withdrawn with prejudice, or with any business enterprise under the control of that person, for the period of time during which the person is prohibited from filing a new application for licensure.

(c) (1) If an employee who is required to be licensed pursuant to this chapter fails to apply for a license within the time specified by regulation, is denied a license, or has his or her license revoked by the commission, the employee shall be terminated in any capacity in which he or she is required to be licensed and he or she shall not be permitted to exercise a significant influence over the

1 gambling operation, or any part thereof, upon being
2 notified of that action.

3 (2) If an employee who is required to be licensed
4 pursuant to this chapter has his or her license suspended,
5 the employee shall be suspended in any capacity in which
6 he or she is required to be licensed and shall not be
7 permitted to exercise a significant influence over the
8 gambling operation, or any part thereof, during the
9 period of suspension, upon being notified of that action.

10 (3) If the owner licensee designates another employee
11 to replace the employee whose employment was
12 terminated, the owner licensee shall promptly notify the
13 division and shall require the newly designated employee
14 to apply for a license.

15 (d) An owner licensee or an affiliate of the owner
16 licensee shall not pay to a person whose employment has
17 been terminated pursuant to subdivision (c) any
18 remuneration for any service performed in any capacity
19 in which the person is required to be licensed except for
20 amounts due for services rendered before the date of
21 receipt of notice of the action by the division. Neither an
22 owner licensee, nor an affiliate thereof, during the period
23 of suspension, shall pay to a person whose employment
24 has been suspended pursuant to subdivision (c), any
25 remuneration for any service performed in any capacity
26 in which the person is required to be licensed, except for
27 amounts due for services rendered before the date of
28 receipt of notice of the action by the division.

29 (e) Except as provided in subdivision (c), a contract or
30 agreement for the provision of services or property to an
31 owner licensee or an affiliate thereof, or for the conduct
32 of any activity at a gambling establishment, which is to be
33 performed by a person required by this chapter or by the
34 division to be licensed, shall be terminated upon a
35 suspension or revocation of the person's license.

36 (f) In any case in which a contract or agreement for
37 the provision of services or property to an owner licensee
38 or an affiliate thereof, or for the conduct of any activity
39 at a gambling establishment, is to be performed by a
40 person required by this chapter or by the commission to

1 be licensed, the contract shall be deemed to include a
2 provision for its termination without liability on the part
3 of the owner licensee or its duly registered holding
4 company upon a suspension or revocation of the person's
5 license. In any action brought by the division to terminate
6 a contract pursuant to subdivision (c) or (e), it shall not
7 be a defense that the agreement does not expressly
8 include the provision described in this subdivision, and
9 the lack of express inclusion of the provision in the
10 agreement shall not be a basis for enforcement of the
11 contract by a party thereto.

12 (g) This section shall become operative on the
13 occurrence of the events specified in subdivisions (a) and
14 (b) of Section 66 of the act that added this section to the
15 Business and Professions Code.

16 SEC. 35. Section 19864 is added to the Business and
17 Professions Code, to read:

18 19864. (a) With regard to a person who has had his or
19 her application for a license denied by the commission, all
20 of the following shall apply:

21 (1) Except as provided in paragraph (3), the person
22 shall not be entitled to profit from his or her investment
23 in any business entity that has applied for or been granted
24 a state license.

25 (2) The person shall not retain his or her interest in a
26 business entity described in paragraph (1) beyond that
27 period prescribed by the commission.

28 (3) The person shall not accept more for his or her
29 interest in a business entity described in paragraph (1)
30 than he or she paid for it, or the market value on the date
31 of the denial of the license or registration, whichever is
32 higher.

33 (4) Nothing in this section shall be construed as a
34 restriction or limitation on the powers of the commission
35 specified in this chapter.

36 (b) This section shall become operative on the
37 occurrence of the events specified in subdivisions (a) and
38 (b) of Section 66 of the act that added this section to the
39 Business and Professions Code.



1 SEC. 36. Section 19871 is added to the Business and
2 Professions Code, to read:

3 19871. (a) No corporation is eligible to receive a
4 license to own a gambling enterprise unless the conduct
5 of controlled gambling is among the purposes stated in its
6 articles of incorporation and the articles of incorporation
7 have been submitted to and approved by the commission.

8 (b) On and after the effective date of this section, the
9 Secretary of State shall not accept for filing any articles of
10 incorporation of any corporation that include as a stated
11 purpose the conduct of controlled gambling, or any
12 amendment thereto, or any amendment that adds this
13 purpose to articles of incorporation already filed, unless
14 the articles have, or amendment has, been approved by
15 the commission.

16 (c) This section shall become operative on the
17 occurrence of the events specified in subdivisions (a) and
18 (b) of Section 66 of the act that added this section to the
19 Business and Professions Code.

20 SEC. 37. Section 19872 is added to the Business and
21 Professions Code, to read:

22 19872. (a) If at any time the commission denies a
23 license to an individual owner of any security issued by a
24 corporation that applies for or holds an owner license, the
25 owner of the security shall immediately offer the security
26 to the issuing corporation for purchase. The corporation
27 shall purchase the security so offered, for cash in an
28 amount not greater than fair market value, within 30
29 calendar days after the date of the offer.

30 (b) Beginning upon the date when the division serves
31 notice of the denial upon the corporation, it is unlawful
32 for the denied security owner to do any of the following:

33 (1) Receive any dividend or interest upon any security
34 described in subdivision (a).

35 (2) Exercise, directly or through any trustee or
36 nominee, any voting right conferred by any security
37 described in subdivision (a).

38 (3) Receive any remuneration in any form from the
39 corporation for services rendered or for any other
40 purpose.

1 (c) Every security issued by a corporate owner
2 licensee shall bear a statement, on both sides of the
3 certificate evidencing the security, of the restrictions
4 imposed by this section.

5 (d) This section shall become operative on the
6 occurrence of the events specified in subdivisions (a) and
7 (b) of Section 66 of the act that added this section to the
8 Business and Professions Code.

9 SEC. 38. Section 19882 is added to the Business and
10 Professions Code, to read:

11 19882. (a) The purported sale, assignment, transfer,
12 pledge, or other disposition of any interest in a limited
13 partnership that holds a gambling license, or the grant of
14 an option to purchase the interest, is void unless approved
15 in advance by the commission.

16 (b) If at any time the commission denies a license to an
17 individual owner of any interest described in subdivision
18 (a), the division shall immediately notify the partnership
19 of that fact. The limited partnership, within 30 calendar
20 days from the date it receives the notice from the division,
21 shall return to the denied owner of the interest, in cash,
22 the amount of his or her capital account as reflected on
23 the books of the partnership.

24 (c) Beginning upon the date when the commission
25 serves a notice of denial upon the limited partnership, it
26 is unlawful for the denied owner of the interest to do any
27 of the following:

28 (1) Receive any share of the revenue or interest upon
29 the limited partnership interest.

30 (2) Exercise, directly or through any trustee or
31 nominee, any voting right conferred by that interest.

32 (3) Receive any remuneration in any form from the
33 limited partnership, for services rendered or for any
34 other purpose.

35 (d) Every certificate of limited partnership of any
36 limited partnership holding a gambling license shall
37 contain a statement of the restrictions imposed by this
38 section.

39 (e) This section shall become operative on the
40 occurrence of the events specified in subdivisions (a) and

1 (b) of Section 66 of the act that added this section to the
2 Business and Professions Code.

3 SEC. 39. Section 19883 is added to the Business and
4 Professions Code, to read:

5 19883. (a) To the extent required by this chapter,
6 general partners, limited partners, lenders, holders of
7 evidence of indebtedness, underwriters, agents, or
8 employees of a limited partnership that holds or applies
9 for a license to own a gambling enterprise shall be
10 licensed individually. The limited partnership shall
11 require these persons to apply for and obtain a gambling
12 license. A person who is required to be licensed by this
13 section as a general or limited partner shall not hold that
14 position until he or she secures the required approval of
15 the commission. A person who is required to be licensed
16 pursuant to a decision of the commission shall apply for
17 a license within 30 days after the commission requests him
18 or her to do so.

19 (b) This section shall become operative on the
20 occurrence of the events specified in subdivisions (a) and
21 (b) of Section 66 of the act that added this section to the
22 Business and Professions Code.

23 SEC. 40. Article 8 (commencing with Section 19900)
24 is added to Chapter 5 of Division 8 of the Business and
25 Professions Code, to read:

26

27 Article 8. Restrictions on Certain Transactions

28

29 19900. (a) Except as may be provided by regulation
30 of the division, the following security interests shall not be
31 enforced without the prior approval of the commission
32 and compliance with regulations adopted pursuant to
33 subdivision (b):

34 (1) In a security issued by a corporation that is a holder
35 of a gambling license in this state.

36 (2) In a security issued by a holding company that is
37 not a publicly traded corporation.

38 (3) In a security issued by a partnership that is a holder
39 of a gambling license in this state.



(b) The division shall adopt regulations establishing the procedure for the enforcement of a security interest. Any remedy provided by the regulations for the enforcement of the security interest is in addition to any other remedy provided by law.

19901. It is unlawful for any person to sell, purchase, lease, hypothecate, borrow or loan money, or create a voting trust agreement or any other agreement of any sort to, or with, any licensee in connection with any controlled gambling operation licensed under this chapter or with respect to any portion of the gambling operation, except in accordance with the regulations of the commission.

19902. When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission pursuant to subdivision (a) of Section 19842, the contract shall not specify a closing date for the transaction that is earlier than the expiration of 90 calendar days after the submission of the completed application for approval for licensing. Any provision of a contract that specifies an earlier closing date is void for all purposes, but the invalidity does not affect the validity of any other provision of the contract.

19903. When any person contracts to sell or lease any property or interest in property, real or personal, under circumstances that require the approval or licensing of the purchaser or lessee by the commission pursuant to subdivision (a) of Section 19842, the contract shall contain a provision satisfactory to the commission regarding responsibility for the payment of any fees due pursuant to any subsequent deficiency determinations made under this chapter that shall encompass any period of time before the closing date of the transaction.

19904. The purported sale, assignment, transfer, pledge, or other disposition of any security issued by a corporation that holds a gambling license, or the grant of an option to purchase that security, is void unless approved in advance by the commission.

1 19905. Every owner licensee that is involved in a
2 transaction for the extension or redemption of credit by
3 the licensee, or for the payment, receipt, or transfer of
4 coin, currency, or other monetary instruments, as
5 specified by the commission, in an amount,
6 denomination, or amount and denomination, or under
7 circumstances prescribed by regulations, and any other
8 participant in the transaction, as specified by the
9 commission, shall, if required by regulation, make and
10 retain a record of, or file with the division a report on, the
11 transaction, at the time and in the manner prescribed by
12 regulations.

13 19906. This article shall become operative on the
14 occurrence of the events specified in subdivisions (a) and
15 (b) of Section 66 of the act that added this section to the
16 Business and Professions Code.

17 SEC. 41. Section 19910.5 is added to the Business and
18 Professions Code, to read:

19 19910.5. (a) (1) A person shall not be employed as a
20 gambling enterprise employee, or serve as an
21 independent agent, except as provided in paragraph (2),
22 unless he or she is the holder of one of the following:

23 (A) A valid work permit issued in accordance with the
24 applicable ordinance or regulations of the county, city, or
25 city and county in which his or her duties are performed.

26 (B) A work permit issued by the commission.

27 (2) An independent agent is not required to hold a
28 work permit if he or she is not a resident of this state and
29 has registered with the division in accordance with
30 regulations.

31 (b) A work permit shall not be issued by any city,
32 county, or city and county to any person who would be
33 disqualified from holding a state gambling license for the
34 reasons specified in paragraphs (1) to (7), inclusive, of
35 subdivision (a) of Section 19850.

36 (c) The division may object to the issuance of a work
37 permit by a city, county, or city and county for any cause
38 deemed reasonable by the division, and if the division
39 objects to issuance of a work permit, the work permit shall
40 be denied.

1 (1) The commission shall adopt regulations specifying
2 particular grounds for objection to issuance of, or refusal
3 to issue, a work permit.

4 (2) The ordinance of any city, county, or city and
5 county relating to issuance of work permits shall permit
6 the division to object to the issuance of any permit.

7 (3) Any person whose application for a work permit
8 has been denied because of an objection by the division
9 may apply to the commission for an evidentiary hearing
10 in accordance with regulations.

11 (d) Application for a work permit for use in any
12 jurisdiction where a locally issued work permit is not
13 required by the licensing authority of a city, county, or
14 city and county shall be made to the division, and may be
15 granted or denied for any cause deemed reasonable by
16 the commission. If the commission denies the application,
17 it shall include in its notice of denial a statement of facts
18 upon which it relied in denying the application.

19 (e) An order of the commission denying an application
20 for a work permit, including an order declining to issue
21 a work permit following review pursuant to paragraph
22 (3) of subdivision (c), may be reviewed in accordance
23 with subdivision (e) of Section 19858.

24 (f) This section shall become operative on the
25 occurrence of the events specified in subdivisions (a) and
26 (b) of Section 66 of the act that added this section to the
27 Business and Professions Code.

28 SEC. 42. Section 19911 is added to the Business and
29 Professions Code, to read:

30 19911. (a) The commission may issue an order
31 summarily suspending a person's work permit, whether
32 issued by a city, county, or city and county, or by the
33 commission, upon a finding that the suspension is
34 necessary for the immediate preservation of the public
35 peace, health, safety, or general welfare. The order is
36 effective when served upon the holder of the permit.

37 (b) The order of summary suspension shall state facts
38 upon which the finding of necessity for the suspension is
39 based. For the purposes of this section, the order of
40 summary suspension shall be deemed an accusation.



1 (c) An order of summary suspension shall be signed by
2 at least three members of the commission.

3 (d) The person whose work permit is summarily
4 suspended has a right to a hearing to commence not more
5 than 30 calendar days from the date of service of the
6 suspension.

7 (e) This section shall become operative on the
8 occurrence of the events specified in subdivisions (a) and
9 (b) of Section 66 of the act that added this section to the
10 Business and Professions Code.

11 SEC. 43. Section 19912 is added to the Business and
12 Professions Code, to read:

13 19912. The commission may revoke a work permit or,
14 if issued by the licensing authority of a city, county, or city
15 and county, notify the authority to revoke it, and the
16 licensing authority shall revoke it, if the commission finds,
17 after a hearing, that a gambling enterprise employee or
18 independent agent has failed to disclose, misstated, or
19 otherwise misled the division or the commission with
20 respect to any fact contained in any application for a work
21 permit, or if the commission finds that the employee or
22 independent agent, subsequent to being issued a work
23 permit, has done any of the following:

24 (1) Committed, attempted, or conspired to do any acts
25 prohibited by this chapter.

26 (2) Engaged in any dishonest, fraudulent, or unfairly
27 deceptive activities in connection with controlled
28 gambling, or knowingly possessed or permitted to remain
29 in or upon any premises any cards, dice, mechanical
30 devices, or any other cheating device.

31 (3) Concealed or refused to disclose any material fact
32 in any investigation by the division.

33 (4) Committed, attempted, or conspired to commit,
34 any embezzlement or larceny against a gambling licensee
35 or upon the premises of a gambling establishment.

36 (5) Been convicted in any jurisdiction of any offense
37 involving or relating to gambling.

38 (6) Accepted employment without prior commission
39 approval in a position for which he or she could be
40 required to be licensed under this chapter after having

1 been denied a license or after failing to apply for licensing
2 when requested to do so by the commission.

3 (7) Been refused the issuance of any license, permit, or
4 approval to engage in or be involved with gambling or
5 parimutuel wagering in any jurisdiction, or had the
6 license, permit, or approval revoked or suspended.

7 (8) Been prohibited under color of governmental
8 authority from being present upon the premises of any
9 licensed gambling establishment or any establishment
10 where parimutuel wagering is conducted, for any reason
11 relating to improper gambling activities or any illegal act.

12 (9) Been convicted of any felony.

13 (b) The commission shall revoke a work permit if it
14 finds, after hearing, that the holder thereof would be
15 disqualified from holding a state gambling license for the
16 reasons specified in paragraph (6) or (7) of subdivision
17 (a) of Section 19850.

18 (c) Nothing in this section shall be construed to limit
19 any powers of the commission with respect to licensing.

20 (d) This section shall become operative on the
21 occurrence of the events specified in subdivisions (a) and
22 (b) of Section 66 of the act that added this section to the
23 Business and Professions Code.

24 SEC. 44. Section 19913 is added to the Business and
25 Professions Code, to read:

26 19913. (a) The fee for a work permit issued by the
27 commission shall be not less than twenty-five dollars
28 (\$25) or more than two hundred fifty dollars (\$250).

29 (b) This section shall become operative on the
30 occurrence of the events specified in subdivisions (a) and
31 (b) of Section 66 of the act that added this section to the
32 Business and Professions Code.

33 SEC. 45. Section 19915 is added to the Business and
34 Professions Code, to read:

35 19915. (a) It is the policy of the State of California to
36 require that all establishments wherein controlled
37 gambling is conducted in this state be operated in a
38 manner suitable to protect the public health, safety, and
39 general welfare of the residents of the state. The
40 responsibility for the employment and maintenance of

1 suitable methods of operation rests with the owner
2 licensee, and willful or persistent use or toleration of
3 methods of operation deemed unsuitable by the
4 commission or by local government shall constitute
5 grounds for license revocation or other disciplinary
6 action.

7 (b) This section shall become operative on the
8 occurrence of the events specified in subdivisions (a) and
9 (b) of Section 66 of the act that added this section to the
10 Business and Professions Code.

11 SEC. 46. Section 19918 is added to the Business and
12 Professions Code, to read:

13 19918. (a) Each owner licensee shall maintain
14 security controls over the gambling premises and all
15 operations therein related to gambling, and those
16 security controls are subject to the approval of the
17 commission.

18 (b) This section shall become operative on the
19 occurrence of the events specified in subdivisions (a) and
20 (b) of Section 66 of the act that added this section to the
21 Business and Professions Code.

22 SEC. 47. Section 19920 is added to the Business and
23 Professions Code, to read:

24 19920. (a) The division shall make appropriate
25 investigations as follows:

26 (1) Determine whether there has been any violation
27 of this chapter or any regulations adopted thereunder.

28 (2) Determine any facts, conditions, practices, or
29 matters that it may deem necessary or proper to aid in the
30 enforcement of this chapter or any regulation adopted
31 thereunder.

32 (3) To aid in adopting regulations.

33 (4) To secure information as a basis for recommending
34 legislation relating to this chapter.

35 (b) If, after any investigation, the division is satisfied
36 that a license, permit, finding of suitability, or approval
37 should be suspended or revoked, it shall file an accusation
38 with the commission in accordance with Chapter 5
39 (commencing with Section 11500) of Part 1 of Division 3
40 of Title 2 of the Government Code.

(c) In addition to any action that the commission may take against a license, permit, finding of suitability, or approval, the commission may also require the payment of fines or penalties. However, no fine imposed shall exceed twenty thousand dollars (\$20,000) for each separate violation of any provision of this chapter or any regulation adopted thereunder.

(d) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 48. Section 19921 is added to the Business and Professions Code, to read:

19921. (a) The commission may issue any emergency orders against an owner licensee or any person involved in a transaction requiring prior approval that the division deems reasonably necessary for the immediate preservation of the public peace, health, safety, or general welfare.

(b) The emergency order shall set forth the grounds upon which it is based, including a statement of facts constituting the alleged emergency necessitating the action.

(c) The emergency order is effective immediately upon issuance and service upon the owner licensee or any agent of the licensee registered with the division for receipt of service, or, in cases involving prior approval, upon issuance and service upon the person or entity involved, or upon an agent of that person or entity authorized to accept service of process in this state. The emergency order may suspend, limit, condition, or take other action in relation to the license of one or more persons in an operation without affecting other individual licensees, registrants, or the licensed gambling establishment. The emergency order remains effective until further order of the commission or final disposition of any proceeding conducted pursuant to subdivision (d).

(d) Within two calendar days after issuance of an emergency order, the division shall file an accusation with the commission against the person or entity

1 involved. Thereafter, the person or entity against whom
2 the emergency order has been issued and served is
3 entitled to a hearing which, if so requested, shall
4 commence within 10 business days of the date of the
5 request if a gambling operation is closed by the order, and
6 in all other cases, within 30 calendar days of the date of the
7 request. On application of the division, and for good cause
8 shown, a court may extend the time within which a
9 hearing is required to be commenced, upon those terms
10 and conditions that the court deems equitable.

11 (e) This section shall become operative on the
12 occurrence of the events specified in subdivisions (a) and
13 (b) of Section 66 of the act that added this section to the
14 Business and Professions Code.

15 SEC. 49. Section 19933.5 is added to the Business and
16 Professions Code, to read:

17 19933.5. (a) Except as specified in subdivision (c),
18 this section applies to any person or business that is
19 engaged in controlled gambling, whether or not licensed
20 to do so.

21 (b) Any person or business described in subdivision
22 (a), with actual knowledge of the requirements of
23 regulations adopted by the commission pursuant to
24 subdivision (d) of Section 19834, that knowingly and
25 willfully fails to comply with the requirements of those
26 regulations shall be liable for a monetary penalty. The
27 commission may impose a monetary penalty for each
28 violation. However, in the first proceeding that is
29 initiated pursuant to this subdivision, the penalties for all
30 violations shall not exceed a total sum of ten thousand
31 dollars (\$10,000). If a penalty was imposed in a prior
32 proceeding before the commission or its predecessor, the
33 California Gambling Control Board, the penalties for all
34 violations shall not exceed a total sum of twenty-five
35 thousand dollars (\$25,000). If a penalty was imposed in
36 two or more prior proceedings before the commission or
37 its predecessor, the California Gambling Control Board,
38 the penalties for all violations shall not exceed a total sum
39 of one hundred thousand dollars (\$100,000).

(c) This section does not apply to any case where the person is criminally prosecuted in federal or state court for conduct related to a violation of Section 14162 of the Penal Code.

(d) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 50. Section 19942 is added to the Business and Professions Code, to read:

19942. (a) The commission, by regulation, shall establish fees for special licenses authorizing irregular operation of tables in excess of the total number of tables otherwise authorized to a licensed gambling establishment, for tournaments and other special events.

(b) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 51. Section 19959.5 is added to the Business and Professions Code, to read:

19959.5. (a) A member of the commission, the executive secretary of the commission, the director of the division, and any employee designated by regulation of the commission or the division for purposes of this section, shall not, for a period of three years after leaving office or terminating employment, for compensation, act as agent or attorney for, or otherwise represent, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the division, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.

(b) A member of the commission shall not solicit or accept campaign contributions from any person, including any applicant or licensee.

(c) This section shall become operative on the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section to the Business and Professions Code.

SEC. 52. Section 19960.2 is added to the Business and Professions Code, to read:

19960.2. (a) A license may be denied, suspended, or revoked if the applicant or licensee, within three years prior to the submission of the license or renewal application, or any time thereafter, violates any law or ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election that is conducted pursuant to Section 19950 or pursuant to former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter.

(1) The remedies specified herein are in addition to any other remedy or penalty provided by law.

(2) Any final determination by the Fair Political Practices Commission that the applicant did not violate any provision of state law within its jurisdiction shall be binding on the commission.

(3) Any final determination by a city or county governmental body having ultimate jurisdiction over the matter that the applicant did not violate an ordinance with respect to campaign finance disclosure or contribution limitations applicable to an election conducted pursuant to Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter, shall be binding on the commission.

(b) Every applicant for a gambling license, or any renewal thereof, shall file with the division, at the time the license application or renewal is filed, the following information:

(1) Any statement or other document required to be filed with the Fair Political Practices Commission relative to an election that is conducted pursuant to Section 19950, or former Section 19819, as that section read immediately prior to its repeal by the act that enacted this chapter,

1 within three years of the date on which the application is
2 submitted.

3 (2) Any statement or other document required to be
4 filed with any local jurisdiction respecting campaign
5 finance disclosure or contribution limitations applicable
6 to an election that is conducted pursuant to Section 19950,
7 or former Section 19819, as that section read immediately
8 prior to its repeal by the act that enacted this chapter,
9 within three years of the date on which the application is
10 submitted.

11 (3) A report of any contribution of money or thing of
12 value, in excess of one hundred dollars (\$100), made to
13 any committee, as defined by Section 82013 of the
14 Government Code, associated with any election that is
15 conducted pursuant to Section 19950, or former Section
16 19819, as that section read immediately prior to its repeal
17 by the act that enacted this chapter, within three years of
18 the date on which the application is submitted.

19 (4) A report of any other significant involvement by
20 the applicant or licensee in an election that is conducted
21 pursuant to Section 19950, or former Section 19819, as that
22 section read immediately prior to its repeal by the act that
23 enacted this chapter, within three years of the date on
24 which the application is submitted.

25 (c) The commission shall adopt regulations to
26 implement this section.

27 (d) This section shall become operative on the
28 occurrence of the events specified in subdivisions (a) and
29 (b) of Section 66 of the act that added this section to the
30 Business and Professions Code.

31 SEC. 53. Section 1822.60 is added to the Code of Civil
32 Procedure, to read:

33 1822.60. A warrant may be issued under the
34 requirements of this title to authorize personnel of the
35 Division of Gambling Control of the Department of
36 Justice to conduct inspections as provided in subdivision
37 (a) of Section 19825 of the Business and Professions Code.

38 SEC. 54. Section 12012 of the Government Code is
39 amended to read:

1 12012. (a) The Governor is the sole official organ of
2 communication between the government of this state
3 and the government of any other state or of the United
4 States.

5 (b) The Governor is the designated state officer
6 responsible for negotiating and executing, on behalf of
7 the state, compacts with federally recognized Indian
8 tribes in the State of California pursuant to the federal
9 Indian Gaming Regulatory Act (25 U.S.C. Sec. 2701 et
10 seq.), for conducting class III gaming, as defined in that
11 act, on Indian lands. Notwithstanding any other provision
12 of law, the Governor is empowered, but is not required,
13 to negotiate and execute a tribal-state compact
14 concerning the regulation of any gambling activity
15 prohibited by state law that is permissible on Indian lands
16 in this state as a matter of federal law.

17 (c) Following completion of negotiations conducted
18 pursuant to subdivision (b), the Governor shall submit
19 any proposed tribal-state compact to the Joint Committee
20 on Rules for assignment to an appropriate joint
21 committee of the Legislature. Within 30 calendar days
22 after receiving a proposed compact from the Governor,
23 the appropriate joint committee may conduct hearings
24 on the proposed compact and shall forward its comments,
25 if any, to the Governor. The Governor shall not execute
26 a compact until the expiration of 30 calendar days from
27 the date of submission of the proposed compact to the
28 Joint Committee on Rules or until the receipt of
29 comments, whichever occurs first. If comments are
30 received during the 30-day period, the Governor shall not
31 execute a compact until the Governor has considered
32 those comments.

33 SEC. 55. Section 15001 of the Government Code is
34 amended to read:

35 15001. The department is composed of the Office of
36 the Attorney General, the Division of Law Enforcement,
37 and the Division of Gambling Control.

38 SEC. 56. Section 15001.1 is added to the Government
39 Code, to read:

1 15001.1. The Division of Gambling Control is
2 responsible for investigation and enforcement of
3 controlled gambling activity in this state as set forth in the
4 Gambling Control Act (Chapter 5 (commencing with
5 Section 19800) of Division 8 of the Business and
6 Professions Code).

7 SEC. 57. Section 15001.2 is added to the Government
8 Code, to read:

9 15001.2. Any process issued by the Division of
10 Gambling Control for purposes of implementing and
11 enforcing the Gambling Control Act (Chapter 5
12 (commencing with Section 19800) of Division 8 of the
13 Business and Professions Code) may be issued in the
14 name of the division. Any hearing conducted by the
15 Attorney General for these purposes may be styled as
16 conducted before the division.

17 SEC. 58. Section 186.9 of the Penal Code is amended
18 to read:

19 186.9. As used in this chapter:

20 (a) "Conducts" includes, but is not limited to,
21 initiating, concluding, or participating in conducting,
22 initiating, or concluding a transaction.

23 (b) "Financial institution" means, when located or
24 doing business in this state, any national bank or banking
25 association, state bank or banking association,
26 commercial bank or trust company organized under the
27 laws of the United States or any state, any private bank,
28 industrial savings bank, savings bank or thrift institution,
29 savings and loan association, or building and loan
30 association organized under the laws of the United States
31 or any state, any insured institution as defined in Section
32 401 of the National Housing Act (12 U.S.C. Sec. 1724(a)),
33 any credit union organized under the laws of the United
34 States or any state, any national banking association or
35 corporation acting under Chapter 6 (commencing with
36 Section 601) of Title 12 of the United States Code, any
37 agency, agent or branch of a foreign bank, any currency
38 dealer or exchange, any person or business engaged
39 primarily in the cashing of checks, any person or business
40 who regularly engages in the issuing, selling, or

1 redeeming of traveler's checks, money orders, or similar
2 instruments, any broker or dealer in securities registered
3 or required to be registered with the Securities and
4 Exchange Commission under the Securities Exchange
5 Act of 1934 or with the Commissioner of Corporations
6 under Part 3 (commencing with Section 25200) of
7 Division 1 of Title 4 of the Corporations Code, any
8 licensed transmitter of funds or other person or business
9 regularly engaged in transmitting funds to a foreign
10 nation for others, any investment banker or investment
11 company, any insurer, any dealer in gold, silver, or
12 platinum bullion or coins, diamonds, emeralds, rubies, or
13 sapphires, any pawnbroker, any telegraph company, any
14 personal property broker, any person or business acting
15 as a real property securities dealer within the meaning of
16 Section 10237 of the Business and Professions Code,
17 whether licensed to do so or not, any person or business
18 acting within the meaning and scope of subdivisions (d)
19 and (e) of Section 10131 and Section 10131.1 of the
20 Business and Professions Code, whether licensed to do so
21 or not, any person or business regularly engaged in
22 gaming within the meaning and scope of Section 330, any
23 person or business regularly engaged in pool selling or
24 bookmaking within the meaning and scope of Section
25 337a, any person or business regularly engaged in
26 horseracing whether licensed to do so or not under the
27 Business and Professions Code, any person or business
28 engaged in the operation of a gambling ship within the
29 meaning and scope of Section 11317, any person or
30 business engaged in controlled gambling within the
31 meaning and scope of subdivision (e) of Section 19805 of
32 the Business and Professions Code, whether registered to
33 do so or not, and any person or business defined as a
34 "bank," "financial agency," or "financial institution" by
35 Section 5312 of Title 31 of the United States Code or
36 Section 103.11 of Title 31 of the Code of Federal
37 Regulations and any successor provisions thereto.

38 (c) "Transaction" includes the deposit, withdrawal,
39 transfer, bailment, loan, pledge, payment, or exchange of
40 currency, or a monetary instrument, as defined by

1 subdivision (d), or the electronic, wire, magnetic, or
2 manual transfer of funds between accounts by, through,
3 or to, a financial institution as defined by subdivision (b).

4 (d) “Monetary instrument” means United States
5 currency and coin; the currency, coin, and foreign bank
6 drafts of any foreign country; payment warrants issued by
7 the United States, this state, or any city, county, or city
8 and county of this state or any other political subdivision
9 thereof; any bank check, cashier’s check, traveler’s check,
10 personal check, money order, stock, investment security,
11 or negotiable instrument in bearer form or otherwise in
12 such form that title thereto passes upon delivery; gold,
13 silver, or platinum bullion or coins; and diamonds,
14 emeralds, rubies, or sapphires. Except for foreign bank
15 drafts and federal, state, county, or city warrants,
16 “monetary instrument” does not include bank checks,
17 cashier’s checks, traveler’s checks, personal checks, or
18 money orders made payable to the order of a named
19 party which have not been endorsed or which bear
20 restrictive endorsements, and also does not include
21 personal checks which have been endorsed by the named
22 party and deposited by the named party into the named
23 party’s account with a financial institution.

24 (e) “Criminal activity” means a criminal offense
25 punishable under the laws of this state by death or
26 imprisonment in the state prison or from a criminal
27 offense committed in another jurisdiction punishable
28 under the laws of that jurisdiction by death or
29 imprisonment for a term exceeding one year.

30 (f) “Foreign bank draft” means a bank draft or check
31 issued or made out by a foreign bank, savings and loan,
32 casa de cambio, credit union, currency dealer or
33 exchanger, check cashing business, money transmitter,
34 insurance company, investment or private bank, or any
35 other foreign financial institution that provides similar
36 financial services, on an account in the name of the
37 foreign bank or foreign financial institution held at a bank
38 or other financial institution located in the United States
39 or a territory of the United States.

1 ~~SEC. 59. Section 337j is added to the Penal Code, to~~
2 ~~read:~~

3 ~~337j. (a) It is unlawful for any person, as owner,~~
4 ~~lessee, or employee, whether for hire or not, either solely~~
5 ~~or in conjunction with others, to do any of the following~~
6 ~~without having first procured and thereafter maintained~~
7 ~~in effect all federal, state, and local licenses required by~~
8 ~~law:~~

9 ~~(1) To deal, operate, carry on, conduct, maintain, or~~
10 ~~expose for play in this state any controlled game or~~
11 ~~gambling equipment used in connection with any~~
12 ~~controlled game.~~

13 ~~(2) To receive, directly or indirectly, any~~
14 ~~compensation or reward or any percentage or share of the~~
15 ~~revenue, for keeping, running, or carrying on any~~
16 ~~controlled game.~~

17 ~~(b) It is unlawful for any person to knowingly permit~~
18 ~~any controlled game to be conducted, operated, dealt, or~~
19 ~~carried on in any house or building or other premises that~~
20 ~~the person owns or leases, in whole or in part, if that~~
21 ~~activity is undertaken by a person who is not licensed as~~
22 ~~required by state law, or by an employee of that person.~~

23 ~~(c) Any person who violates, attempts to violate, or~~
24 ~~conspires to violate this section shall be punished by~~
25 ~~imprisonment in a county jail for not more than one year,~~
26 ~~or by a fine of not more than five thousand dollars~~
27 ~~(\$5,000), or by both that imprisonment and fine.~~

28 ~~(d) (1) As used in this section, "controlled game"~~
29 ~~means any game of chance played for currency, check,~~
30 ~~credit, or any other thing of value that is not prohibited~~
31 ~~and made unlawful by Chapter 9 (commencing with~~
32 ~~Section 319) or Chapter 10 (commencing with Section~~
33 ~~330), or by local ordinance.~~

34 ~~(2) As used in this section, "controlled game" does not~~
35 ~~include any of the following:~~

36 ~~(A) The game of bingo conducted pursuant to~~
37 ~~Section 326.5.~~

38 ~~(B) Parimutuel wagering on horseraces regulated by~~
39 ~~the California Horse Racing Board.~~

~~(C) Any lottery game conducted by the California State Lottery.~~

~~(D) Games played with cards in private homes or residences in which no person makes money for operating the game, except as a player.~~

~~(e) This section shall remain in effect only until the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section, and as of that date is repealed, unless a later enacted statute, which is enacted before the occurrence of the events specified in subdivisions (a) and (b) of Section 66 of the act that added this section, deletes or extends that date.~~

~~SEC. 60.—~~

SEC. 59. Section 337j is added to the Penal Code, to read:

337j. (a) It is unlawful for any person, as owner, lessee, or employee, whether for hire or not, either solely or in conjunction with others, to do any of the following without having first procured and thereafter maintained in effect all federal, state, and local licenses required by law:

(1) To deal, operate, carry on, conduct, maintain, or expose for play in this state any controlled game.

(2) To receive, directly or indirectly, any compensation or reward or any percentage or share of the revenue, for keeping, running, or carrying on any controlled game.

(3) To manufacture, distribute, or repair any gambling equipment within the boundaries of this state, or to receive, directly or indirectly, any compensation or reward for the manufacture, distribution, or repair of any gambling equipment within the boundaries of this state.

(b) It is unlawful for any person to knowingly permit any controlled game to be conducted, operated, dealt, or carried on in any house or building or other premises that he or she owns or leases, in whole or in part, if that activity is undertaken by a person who is not licensed as required by state law, or by an employee of that person.

(c) It is unlawful for any person to knowingly permit any gambling equipment to be manufactured, stored, or

1 repaired in any house or building or other premises that
2 the person owns or leases, in whole or in part, if that
3 activity is undertaken by a person who is not licensed as
4 required by state law, or by an employee of that person.

5 (d) Any person who violates, attempts to violate, or
6 conspires to violate this section shall be punished by
7 imprisonment in a county jail for not more than one year,
8 or by a fine of not more than five thousand dollars
9 (\$5,000), or by both that imprisonment and fine.

10 (e) (1) As used in this section, “controlled game”
11 means any game of chance, including any gambling
12 device, played for currency, check, credit, or any other
13 thing of value that is not prohibited and made unlawful
14 by statute or local ordinance.

15 (2) As used in this section, “controlled game” does not
16 include any of the following:

17 (A) The game of bingo conducted pursuant to Section
18 326.5.

19 (B) Parimutuel racing on horseraces regulated by the
20 California Horse Racing Board.

21 (C) Any lottery game conducted by the California
22 State Lottery.

23 (D) Games played with cards in private homes or
24 residences, in which no person makes money for
25 operating the game, except as a player.

26 ~~(f) This section shall become operative on the~~
27 ~~occurrence of the events specified in subdivisions (a) and~~
28 ~~(b) of Section 66 of the act that added this section to the~~
29 ~~Business and Professions Code.~~

30 SEC. 60. Section 14161 of the Penal Code is amended
31 to read:

32 14161. As used in this title:

33 (a) “Financial institution” means, when located or
34 doing business in this state, any national bank or banking
35 association, state bank or banking association,
36 commercial bank or trust company organized under the
37 laws of the United States or any state, any private bank,
38 industrial savings bank, savings bank or thrift institution,
39 savings and loan association, or building and loan
40 association organized under the laws of the United States

1 or any state, any insured institution as defined in Section
2 401 of the National Housing Act, any credit union
3 organized under the laws of the United States or any state,
4 any national banking association or corporation acting
5 under Chapter 6 (commencing with Section 601) of Title
6 12 of the United States Code, any foreign bank, any
7 currency dealer or exchange, any person or business
8 engaged primarily in the cashing of checks, any person or
9 business who regularly engages in the issuing, selling, or
10 redeeming of traveler's checks, money orders, or similar
11 instruments, any broker or dealer in securities registered
12 or required to be registered with the Securities and
13 Exchange Commission under the Securities Exchange
14 Act of 1934, any licensed sender of money, any
15 investment banker or investment company, any
16 insurance company, any dealer in coins, precious metals,
17 stones, or jewelry, any pawnbroker, any telegraph
18 company, any person or business engaged in controlled
19 gambling within the meaning of subdivision (e) of
20 Section 19805 of the Business and Professions Code,
21 whether registered or licensed to do so or not, and any
22 person or business defined as a "bank," "financial
23 agency," or "financial institution" by Section 5312 of Title
24 31 of the United States Code or Section 103.11 of Title 31
25 of the Code of Federal Regulations and any successor
26 provisions thereto.

27 (b) "Transaction" includes the deposit, withdrawal,
28 transfer, bailment, loan, payment, or exchange of
29 currency, or a monetary instrument, as defined by
30 subdivision (c), by, through, or to, a financial institution,
31 as defined by subdivision (a). "Transaction" does not
32 include the purchase of gold, silver, or platinum bullion
33 or coins, or diamonds, emeralds, rubies, or sapphires by a
34 bona fide dealer therein, and does not include the sale of
35 gold, silver, or platinum bullion or coins, or diamonds,
36 emeralds, rubies, or sapphires by a bona fide dealer
37 therein in exchange for other than a monetary
38 instrument, and does not include the exchange of gold,
39 silver, or platinum bullion or coins, or diamonds,
40 emeralds, rubies, or sapphires by a bona fide dealer



1 therein for gold, silver, or platinum bullion or coins, or
2 diamonds, emeralds, rubies, or sapphires.

3 (c) “Monetary instrument” means United States
4 currency and coin; the currency and coin of any foreign
5 country; and any instrument defined as a “monetary
6 instrument” by Section 5312 of Title 31 of the United
7 States Code or Section 103.11 of Title 31 of the Code of
8 Federal Regulations, or the successor of either.
9 Notwithstanding any other provision of this subdivision,
10 “monetary instrument” does not include bank checks,
11 cashier’s checks, traveler’s checks, personal checks, or
12 money orders made payable to the order of a named
13 party that have not been endorsed or that bear restrictive
14 endorsements.

15 (d) “Department” means the Department of Justice.

16 (e) “Criminal justice agency” means the Department
17 of Justice and any district attorney’s office, sheriff’s
18 department, police department, or city attorney’s office
19 of this state.

20 (f) “Currency” means United States currency or coin,
21 the currency or coin of any foreign country, and any legal
22 tender or coin defined as currency by Section 103.11 of
23 Title 31 of the Code of Federal Regulations or any
24 succeeding provision.

25 *SEC. 61. Chapter 8 (commencing with Section 4369)*
26 *is added to Part 3 of Division 4 of the Welfare and*
27 *Institutions Code, to read:*

28

29 *CHAPTER 8. STATE PROGRAM OF PROBLEM GAMBLING*

30

31 *4369. There is in the department the Office of*
32 *Compulsive Gambling.*

33 *4369.1. As used in this chapter, the following*
34 *definitions shall apply:*

35 (a) “Compulsive gambling” means any problem or
36 pathological gambling.

37 (b) “Compulsive gambling prevention programs”
38 means programs designed to reduce the prevalence of
39 problem and pathological gambling among California
40 residents.



1 (c) “Office” means the Office of Compulsive
2 Gambling.

3 (d) “Pathological gambling” means an impulse
4 control disorder that meets the diagnostic criteria set
5 forth in the diagnostic and statistical manual version 4 of
6 the American Psychiatric Association.

7 (e) “Problem gambling” means patterns of
8 gambling-related behavior that compromise, disrupt, or
9 damage personal, family, and vocational pursuits. The
10 term includes pathological gambling.

11 4369.2. (a) The office shall develop a comprehensive
12 program for problem and pathological gamblers within
13 the state. The comprehensive program shall consist of all
14 of the following:

15 (1) Prevention and education services to the general
16 public.

17 (2) A toll-free telephone service for crisis intervention
18 and referral of compulsive gamblers to compulsive
19 gambling counselors.

20 (3) Research into the origin, causes, treatment, and
21 prevalence of problem and pathological gambling.

22 (4) Treatment services for problem and pathological
23 gamblers and their immediate families, including, but not
24 limited to, outpatient services, intensive outpatient
25 services, after-care services, and inpatient services to
26 those persons requiring specialized care.

27 (b) The office shall make a biennial report to the
28 Governor and the Legislature with respect to the
29 comprehensive program.

30 4369.3. In designing and developing the program, the
31 office shall do all of the following:

32 (a) Develop a statewide plan to address the problem
33 of pathological gambling.

34 (b) Adopt any regulations necessary to administer the
35 program.

36 (c) Develop priorities for funding services and
37 develop criteria for distributing program funds.

38 (d) Monitor the expenditures of state funds by
39 agencies and organizations receiving program funding.

1 (e) Evaluate the effectiveness of services provided
2 through the program.

3 4369.4. All state agencies, including, but not limited
4 to, the California State Lottery, the California Horse
5 Racing Board, any agency that is created to regulate
6 casino gambling or cardrooms within the state, the
7 Department of Corrections, the California Youth
8 Authority, the State Department of Health Services, and
9 the Department of Alcohol and Drug Abuse shall
10 coordinate with the office to ensure that state programs
11 take into account, as much as practicable, problem and
12 pathological gamblers. The office shall also coordinate
13 and work with other entities involved in gambling and
14 the treatment of problem and pathological gamblers.

15 SEC. 62. (a) For the purposes of this section,
16 “provisional license” means a license that is either
17 granted by operation of law pursuant to this section, or is
18 issued by the Director of the Division of Gambling
19 Control pursuant to this section, and authorizes the
20 holder to own and operate a gambling establishment, as
21 defined by the Gambling Control Act (Chapter 5
22 (commencing with Section 19800) of Division 8 of the
23 Business and Professions Code), as enacted by this act.
24 The issuance of a provisional license creates no vested
25 right to the issuance of a state gambling license. A
26 provisional license is held subject to all terms and
27 conditions under which a state gambling license is held
28 pursuant to the Gambling Control Act (Chapter 5
29 (commencing with Section 19800) of Division 8 of the
30 Business and Professions Code), as enacted by this act.

31 (b) (1) Every person possessing a valid registration,
32 issued pursuant to former Chapter 5 (commencing with
33 Section 19800) of Division 8 of the Business and
34 Professions Code, as it read immediately prior to its repeal
35 by this act, and ~~unexpired~~ *which expires* as of January 1,
36 1998, shall be deemed, as of January 1, 1998, to hold a
37 provisional license to conduct those activities authorized
38 by the registration.

39 (2) (A) Every owner of a gaming club who possesses
40 a valid registration issued pursuant to former Chapter 5

1 (commencing with Section 19800) of Division 8 of the
2 Business and Professions Code, as it read immediately
3 prior to its repeal by this act, if the license ~~is unexpired~~ *has*
4 *expired* as of January 1, 1998, shall be deemed to hold a
5 provisional license to own, manage, or operate all or a part
6 of another gambling establishment, or of other gambling
7 establishments, if all of the following conditions are
8 satisfied with respect to the other gambling
9 establishment or establishments:

10 (i) The gambling establishment, on January 1, 1998,
11 was owned by a person holding a provisional license
12 pursuant to this subdivision.

13 (ii) Acquisition of the ownership interest is completed
14 no later than June 30, 1998.

15 (iii) The applicant has deposited all moneys as
16 required pursuant to Section 19855 of the Business and
17 Professions Code, as enacted by this act.

18 (iv) The applicant has deposited with the division a
19 license fee calculated as the amount specified for the
20 appropriate level of operation in subdivision (a) of
21 Section 19941 of the Business and Professions Code, as
22 enacted by this act.

23 (B) A provisional license granted in respect to a
24 gambling establishment by operation of subparagraph
25 (A) shall expire on July 30, 1998, unless, on or before that
26 date, the holder of the provisional license files an
27 application for a gambling license with respect to that
28 gambling establishment under the Gambling Control Act
29 (Chapter 5 (commencing with Section 19800) of Division
30 8 of the Business and Professions Code), as enacted by this
31 act.

32 (3) Until a provisional licensee is summoned pursuant
33 to subdivision (e), no other state gambling license and no
34 key employee license shall be required in connection
35 with the operation that is owned, managed, or operated
36 by a person holding a provisional license. Nothing in this
37 paragraph shall relieve any person who, on or after the
38 effective date of this act, acquires an ownership interest
39 in a gambling establishment, from the provisions of
40 Section 19840 of the Business and Professions Code, as

1 enacted by this act. Upon payment of the fees described
2 in this section, the provisional license shall be valid until
3 the earlier of the following events:

4 (A) December 31, 1998.

5 (B) The granting or denial of an application for a
6 gambling license.

7 (c) Until July 1, 1998, the Director of the Division of
8 Gambling Control may issue a provisional license to any
9 person who submitted a completed application for
10 registration pursuant to former Chapter 5 (commencing
11 with Section 19800) of Division 8 of the Business and
12 Professions Code, as it read immediately prior to its repeal
13 by this act, if all of the following are true:

14 (1) The director determines that the applicant is not
15 disqualified based on any of the reasons for which an
16 application for registration could have been denied or
17 revoked under former Section 19809 or 19810 of the
18 Business and Professions Code as those sections read
19 immediately prior to repeal by this act.

20 (2) The applicant has paid all fees required pursuant
21 to Section 19855 of the Business and Professions Code, as
22 enacted by this act, less any fees paid pursuant to Section
23 19808 of the Business and Professions Code, as that section
24 read immediately prior to its repeal by this act.

25 (3) The applicant has deposited with the division a
26 license fee calculated as the amount specified for each
27 level of operation in subdivision (a) of Section 19941 of
28 the Business and Professions Code, as enacted by this act.

29 (d) Every person holding a provisional license
30 pursuant to subdivision (b), who desires that the
31 provisional license be converted to a gambling license
32 under the Gambling Control Act enacted by this act shall,
33 no later than January 31, 1998, deposit with the Division
34 of Gambling Control a license fee calculated as the
35 amount specified for the appropriate level of operation in
36 subdivision (a) of Section 19941 of the Business and
37 Professions Code, as enacted by this act.

38 (e) (1) Commencing July 1, 1998, the Division of
39 Gambling Control shall summon persons holding
40 provisional licenses for the purpose of applying for

1 gambling licenses under the Gambling Control Act
2 enacted by this act. Thereafter, except as otherwise
3 provided herein, the license application process shall
4 proceed as an initial application for licensure in
5 accordance with the provisions of the Gambling Control
6 Act, including the advance deposit of fees for
7 investigation of the application or applications, if any.

8 (2) The division shall not require an applicant who
9 holds a provisional license pursuant to subdivision (b) to
10 furnish, in connection with an application for licensure,
11 information or documentation that is presently in the
12 possession of the Department of Justice by virtue of
13 having conducted a prior investigation of the applicant
14 pursuant to former Chapter 5 (commencing with Section
15 19800) of Division 8 of the Business and Professions Code,
16 as it read immediately prior to its repeal by this act.

17 (f) If an application for a gambling license is granted,
18 and upon payment of the fees specified in the Gambling
19 Control Act, a gambling license may be issued to the
20 owner of a gambling enterprise, to expire not later than
21 12 months thereafter. If this license is issued prior to
22 December 31, 1998, the licensee shall be entitled to a
23 credit, if any, for the fee paid pursuant to subdivision (d).

24 (g) Notwithstanding subdivision (a) of Section 19847,
25 there shall be a rebuttable presumption that every
26 natural person who, on December 31, 1997, holds a valid
27 and unexpired registration issued pursuant to former
28 Chapter 5 (commencing with Section 19800) of Division
29 8 of the Business and Professions Code, as it read
30 immediately prior to its repeal by this act, is suitable for
31 licensure pursuant to this act.

32 (h) If an application for a gambling license is denied,
33 the applicant shall be entitled to a pro rata refund of the
34 fee paid pursuant to subdivision (d), and any unused
35 deposit of investigative fees.

36 (i) If the Division of Gambling Control does not, prior
37 to December 31, 1998, summon a person holding a
38 provisional license for the purpose of applying for a
39 gambling license, the division, upon request of the holder
40 of the provisional license, and upon payment of the fees

1 specified in the Gambling Control Act, shall extend the
2 provisional license until December 31, 1999. Thereafter,
3 the process described in subdivisions (e), (f), and (g)
4 shall apply in similar fashion.

5 (j) No application for a state gambling license may be
6 submitted to the Division of Gambling Control prior to
7 July 1, 1998. It is the intent of the Legislature that the
8 division and the Gambling Control Board shall be fully
9 operative by July 1, 1998.

10 SEC. 63. All administrative or judicial proceedings
11 that were initiated pursuant to former Chapter 5
12 (commencing with Section 19800) of Division 8 of the
13 Business and Professions Code, as it read immediately
14 prior to its repeal by this act, and that are not concluded
15 prior to the effective date of this act, shall continue and
16 shall be governed by those provisions until concluded.

17 SEC. 64. Section 19852 of the Business and Professions
18 Code, as enacted by this act, shall not apply in a situation
19 where the initial or subsequent annual renewal licensure
20 of any gambling establishment with respect to which, on
21 December 31, 1997, all persons who were required to be
22 registered pursuant to former Chapter 5 (commencing
23 with Section 19800) of Division 8 of the Business and
24 Professions Code, as it read immediately prior to its repeal
25 by this act, possessed a current and valid registration.
26 However, Section 19852 shall apply to any annual renewal
27 licensure under the Gambling Control Act, if the
28 application therefor includes an application for
29 expansion, as defined by subdivision (b) of Section 19852
30 of the Business and Professions Code, as enacted by this
31 act.

32 SEC. 65. All funds remaining in the special account in
33 the General Fund established pursuant to former Section
34 19818 of the Business and Professions Code, as that section
35 read immediately prior to its repeal by this act, effective
36 January 1, 1998, shall be transferred to the Gambling
37 Control Fund created by Section 19940 of the Business
38 and Professions Code, as enacted by this act.

39 SEC. 66. (a) Sections 4 to 52, inclusive, of this act shall
40 become operative on the January 1 next following

1 enactment of a statute appropriating funds for the
2 funding of the Division of Gambling Control created by
3 Section 15001 of the Government Code, and the
4 California Gambling Control Commission created by
5 Section 19810 of the Business and Professions Code, as
6 added by Section 4 of this act.

7 (b) Notwithstanding subdivision (a), Sections 4 to 52,
8 inclusive, ~~and Section 60~~ of this act shall become
9 operative if any of the events described in paragraphs (1)
10 to ~~(3)~~ (4), inclusive, occur:

11 (1) The Legislature enacts a statute making lawful
12 activities that are prohibited by Sections 330, 330a, 330b,
13 and 330.1 of the Penal Code, as those statutes read on the
14 effective date of this act, the Governor finds that the
15 Legislature has enacted that statute, and the Legislature
16 enacts a joint resolution concurring in that finding.

17 (2) *The Legislature enacts a statute amending Section*
18 *330 of the Penal Code to make lawful banking games by*
19 *any person other than the California State Lottery, the*
20 *Governor finds that the Legislature has enacted that*
21 *statute, and the Legislature enacts a joint resolution*
22 *concurring in that finding.*

23 (3) The Governor executes a tribal-state compact
24 providing for the regulation by the California Gambling
25 Control Commission of some or all of the activities that
26 are prohibited by Sections 330, 330a, 330b, and 330.1 of the
27 Penal Code. Nothing in this paragraph confers upon the
28 Governor the authority to execute a compact providing
29 for the regulation of any activity prohibited by Section
30 330, 330a, 330b, or 330.1 of the Penal Code if the execution
31 of a tribal-state compact is not otherwise permitted under
32 state and federal law.

33 ~~(3)~~

34 (4) The voters adopt an initiative measure, an effect of
35 which is to make lawful activities that are prohibited by
36 Sections 330, 330a, 330b, and 330.1 of the Penal Code, as
37 those statutes read on the effective date of this act, the
38 Governor finds that such an initiative measure has been
39 adopted by the voters, and the Legislature enacts a joint
40 resolution concurring in that finding.



SEC. 67. The California Gambling Control Board and the Department of Justice shall jointly prepare a written report setting forth the expenditures of fees and revenue collected pursuant to this act on and after January 1, 1998. The report shall be submitted to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, and the Joint Legislative Budget Committee on or before April 1, 1998.

SEC. 68. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

CORRECTIONS

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